



Empowering Rural Youth: The Role of Skill Development in Entrepreneurial Success

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Abstract: Northeast India, despite its rich cultural heritage and abundant natural resources, faces a persistent employment crisis among its youth. The region's geographical isolation, lack of industrial development, and dependency on government jobs contribute to high unemployment rates. Entrepreneurship offers a sustainable solution by fostering self-reliance and economic growth. This study explores how entrepreneurial initiatives can bridge the employment gap and empower youth in Northeast India. It examines challenges such as inadequate infrastructure, financial constraints, and skill gaps, while also highlighting opportunities in indigenous industries, tourism, and digital entrepreneurship. Through policy analysis, case studies, and stakeholder interviews, the study provides insights into the role of educational institutions, government policies, and community support in fostering entrepreneurship. The findings emphasize the need for targeted interventions, including skill development programs, access to microfinance, and mentorship networks, to create a conducive ecosystem for young entrepreneurs. The study concludes that entrepreneurship is a viable pathway for reducing youth unemployment and driving regional economic development in Northeast India.

Keywords: *Rural Youth, Entrepreneurship Challenges, Skill Development, Employment*

1. Introduction

Entrepreneurship is often viewed as a pathway to economic growth, innovation, and self-reliance. It serves as a vehicle for job creation, poverty alleviation, and economic transformation. Schumpeter (1934) defines entrepreneurship as the process of innovation and creative destruction, in which entrepreneurs introduce new products, services, or business models that disrupt existing markets. Similarly, Shane and Venkataraman (2000) conceptualize entrepreneurship as the process of discovering, evaluating, and exploiting opportunities to create value in the market. On the one hand Skill development is a critical enabler that equips individuals with the necessary capabilities to navigate and sustain entrepreneurial ventures. It provides the tools required to start, manage, and expand businesses successfully. Becker (1964), in his Human Capital Theory, argues that it is essential for economic growth, as investment in education and training enhances productivity and innovation. Likewise, Heckman (2000) emphasizes that skill development involves both cognitive and non-cognitive skills, such as problem-solving, leadership, and adaptability, which are crucial for workforce competitiveness.

Rural youth constitute a significant portion of the global population, particularly in developing nations. However, they often face challenges such as limited access to education, employment opportunities, and entrepreneurial support (World Bank, 2020). Entrepreneurship has been recognized as a viable solution to rural unemployment and economic stagnation. However, for entrepreneurial initiatives to be successful, skill development is crucial. According to Drucker (1985), entrepreneurship is a discipline that can be learned, and skill acquisition is key to entrepreneurial performance. Similarly, McClelland (1961) posited that entrepreneurial behavior is influenced by competency-based training, particularly in financial literacy, market analysis, and innovation.

Recent studies highlight that skill development programs positively impact entrepreneurial performance. A study by Brixiova et al. (2020) found that rural entrepreneurs who received training in business management and digital skills demonstrated higher success rates compared to those without formal training. Furthermore, the role of vocational education in reducing youth unemployment has been widely documented (ILO, 2019). The Global Entrepreneurship Monitor (GEM) Report (2022) states that countries with robust skill development frameworks exhibit higher levels of entrepreneurial activity and sustainability in rural enterprises.

Despite these findings, challenges persist in effectively implementing skill development programs. Limited infrastructure, lack of funding, and socio-cultural barriers often hinder the effectiveness of such initiatives (FAO, 2020). Therefore, a strategic approach that integrates government support, private sector participation, and community involvement is necessary to enhance rural youth entrepreneurship.

Existing literature highlights the critical role of skill development in fostering entrepreneurship among rural youth. Studies indicate that essential skills such as financial literacy, digital competency, leadership, and problem-solving are key determinants of entrepreneurial success (Singh & Kumar, 2020). Moreover, vocational training and mentorship programs have been found to enhance the business acumen of aspiring entrepreneurs (Sharma, 2018).

Limited access to formal training institutions, inadequate funding opportunities, and lack of exposure to market dynamics hinder their entrepreneurial aspirations. Government initiatives such as the Skill India Mission and Startup India have attempted to bridge this gap, but localized and context-specific training programs are still needed.

2. Methodology

This study adopts a mixed-methods research approach to analyse the challenges of rural entrepreneurship and the role of skill development in addressing these challenges. The methodology includes qualitative and quantitative techniques to ensure a comprehensive understanding of the research problem.

2.1 Research Design

The study follows a descriptive research design, utilizing both primary and secondary data to examine rural entrepreneurship issues, financial constraints, infrastructure deficiencies, and market access challenges.

2.2 Data Collection Methods

The study used both primary and secondary sources. Primary data was collected through Likert scale, interview, and Focus Group Discussion. Secondary data were collected through journals, reports, policy documents etc.

a) Primary Data Collection: A structured questionnaire was distributed to rural entrepreneurs in rural areas of Manipur's hill districts to assess their perceptions of entrepreneurship challenges and the impact of skill development programs. The survey

included Likert scale-based questions to measure respondents' attitudes toward training programs, financial access, government support, and digital literacy. Semi-structured interviews were conducted with entrepreneurs, government officials, and representatives of NGOs involved in rural business development. Focus Group Discussions (FGDs) was conducted to Community-level discussions were held to gather insights on training needs and business constraints.

b) Secondary Data Collection: Literature Review was conducted to study examined previous research, reports, and policy documents related to rural entrepreneurship and skill development. Government Reports and Policy Documents: Analysis of programs such as Pradhan Mantri Mudra Yojana (PMMY) and Pradhan Mantri Kaushal Vikas Yojana (PMKVY) was conducted to understand policy interventions.

2.3 Sampling Method

The study used a purposive sampling method to select rural entrepreneurs and stakeholders directly involved in business activities. The study surveyed 270 respondents, comprising young entrepreneurs, business owners, and trainees of vocational skill programs in rural Manipur.

2.4 Data Analysis Techniques

SPSS descriptive statistics was apply to get frequency distribution, percentage analysis, and mean scores were used to analyse survey responses.

2.5 Ethical Considerations

Participants were informed about the study's purpose and provided consent before data collection. To maintain confidentiality, personal data was kept anonymous, and responses were used solely for research purposes.

3. Discussion and Findings

Entrepreneurship in rural areas is a crucial driver of economic growth, employment, and social development. However, rural entrepreneurs face unique challenges that hinder business sustainability and expansion. This literature review explores the major challenges in rural entrepreneurship including limited access to training, financial constraints, inadequate infrastructure, and restricted market opportunities and the role of skill development in addressing these issues, supported by existing research and case studies.

3.1 Challenges in Rural Entrepreneurship

1. Lack of Access to Training

According to Singh and Krishna (2018), many rural entrepreneurs lack business management skills, financial literacy, and marketing strategies due to the absence of structured training programs. The limited presence of educational institutions focusing on entrepreneurship prevents rural business owners from acquiring necessary competencies. Moreover, studies by Agarwal et al. (2020) suggest that community-based learning initiatives and vocational education can help bridge this skill gap. However, the implementation of such programs is often inconsistent, leaving many aspiring entrepreneurs without the necessary support.

2. Financial Constraints

Access to financial resources remains one of the most significant hurdles for young entrepreneurs in Manipur's hill districts. Haokip (2023) notes that stringent loan requirements, high interest rates, and the lack of collateral hinder aspiring entrepreneurs from securing the necessary capital. Limited access to capital is a primary obstacle to rural entrepreneurship. According to the World Bank (2019), rural entrepreneurs face difficulties obtaining loans due to the requirement for collateral, high-interest rates, and bureaucratic hurdles in financial institutions. While microfinance institutions provide some relief, their reach remains limited. Government schemes such as the Pradhan Mantri Mudra Yojana (PMMY) have attempted to address this issue, but a study by Sharma et al. (2021) found that a lack of awareness and complex application processes continue to deter many potential beneficiaries. Expanding financial inclusion through digital banking and micro-credit programs could help overcome this barrier.

3. Infrastructure Deficiencies

Inadequate infrastructure significantly hampers rural entrepreneurship. Kumar and Jha (2022) highlight that poor road connectivity, erratic electricity supply, and limited internet access pose major challenges for business operations. These deficiencies increase costs, reduce productivity, and limit access to essential resources. Additionally, rural businesses struggle to reach broader markets due to high transportation costs and unreliable logistics. According to Sharma (2021), inefficient infrastructure discourages investment and innovation, further restricting economic growth. Improving infrastructure through public-

private partnerships and targeted government initiatives can significantly enhance operational efficiency, market access, and overall business sustainability in rural areas.

4. Market Awareness and Access

Many rural entrepreneurs operate in isolated environments with limited exposure to larger markets. Research by Patel and Rao (2020) emphasizes that a lack of knowledge about consumer trends, pricing strategies, and branding hampers business expansion. Without proper market linkages, rural businesses struggle to scale beyond their local communities.

Market-oriented training programs and digital platforms can help rural entrepreneurs access national and international markets. Case studies by Gupta et al. (2023) show that rural businesses utilizing e-commerce platforms have seen a significant increase in sales and market reach.

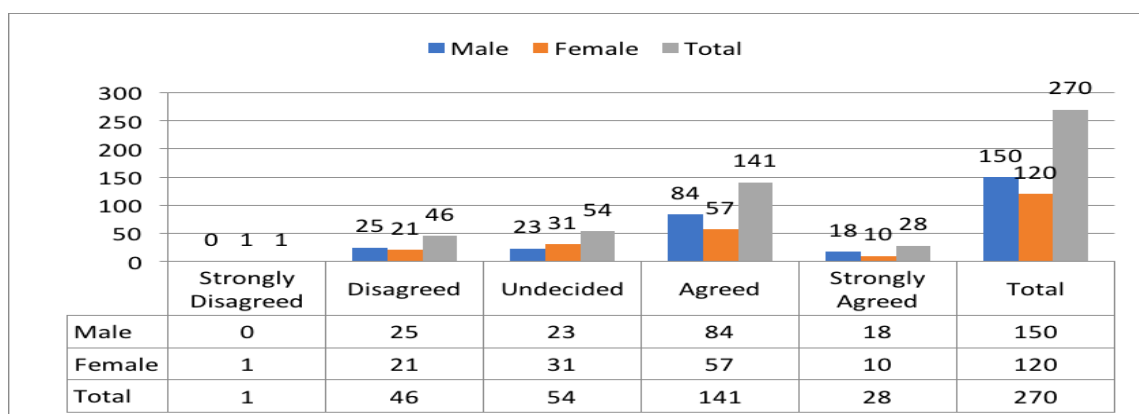
3.2 Role of Skill Development in Overcoming Challenges

1. Vocational Training and Education

Vocational training plays a crucial role in equipping rural entrepreneurs with the necessary skills to manage and grow their businesses. According to Das and Mehta (2019), training programs focused on business management, digital marketing, and financial literacy significantly improve entrepreneurial success.

Programs that emphasize technical skills, such as sustainable agriculture and handicrafts, also enable rural entrepreneurs to create innovative business models. NGOs and government agencies have reported increased business sustainability among trained individuals (Roy & Banerjee, 2022). To what extent do you agree with the following statement?

"Vocational training in business management, digital marketing, and financial literacy significantly improves the success of rural entrepreneurs."



Source: Fieldwork survey result, 2017

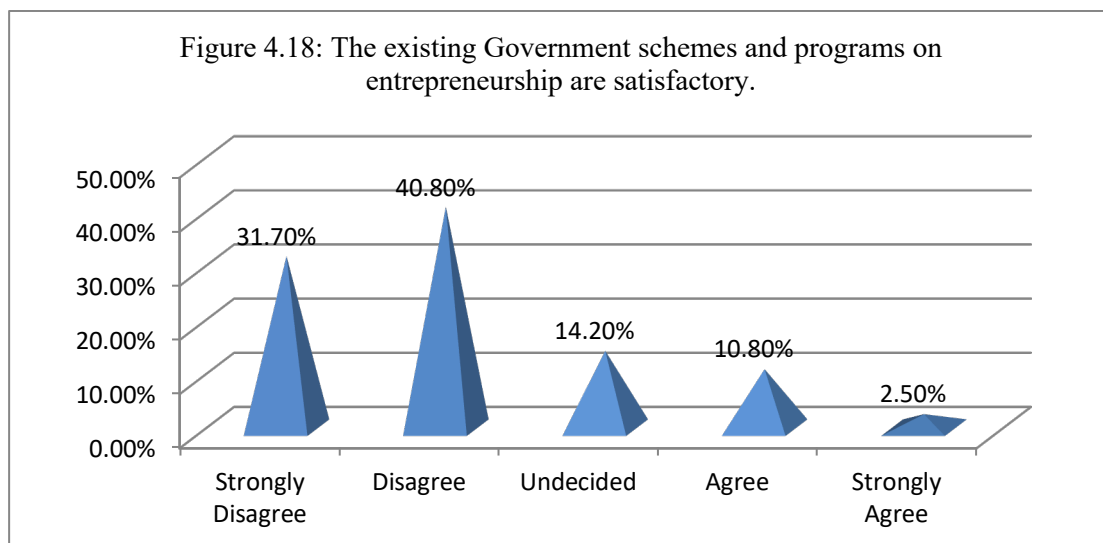
Figure 2 presents insights into youth perceptions regarding the necessity of skill and entrepreneurship training centers in rural areas. A majority of respondents, 141 (52.2%), supported vocational training, while 46 (17.0%) opposed the idea.

The majority with 169 respondents (62.5%) response as Favorable (Strongly Agree + Agree): The other with 47 respondents (17.4%) Unfavorable (Strongly Disagree + Disagree):. And other with 54 respondents (20.1%) Neutral (Undecided).

Additionally, the data highlights a gender-based variation in responses: 84 males (31.1%) agreed on the importance of vocational training. 57 females (21.1%) shared the same view. The results indicate that 62.5% of respondents perceive the absence of entrepreneurship training centers as a key contributor to rural unemployment. This emphasizes the urgent need to establish skill training centers to promote self-employment opportunities among rural youth. The relatively low disagreement rate (17.4%) suggests that only a small percentage of respondents do not view vocational training as crucial for entrepreneurial success. Meanwhile, 20.1% remain undecided, highlighting the need for greater awareness and outreach regarding the benefits of skill development initiatives.

2. Government and Institutional Support

Government initiatives such as the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) play a crucial role in skill development and entrepreneurship promotion. Studies (e.g., Verma et al., 2021) highlight that while these initiatives provide necessary training and certification, their success largely depends on effective implementation and accessibility. Strengthening institutional support, including localized entrepreneurship development hubs and digital learning platforms, could enhance participation and impact.



These findings reveal a significant level of dissatisfaction among respondents with the government's schemes and programs related to entrepreneurship in rural tribal areas.

A survey assessing the satisfaction level of young entrepreneurs with government programs in rural tribal areas of Manipur (Figure 4.18) revealed the following insights:

Dissatisfaction Dominates: 40.8% Disagree, while 31.7% Strongly Disagree—totaling 72.5% of respondents—express dissatisfaction with existing government schemes.

This suggests that many entrepreneurs feel government programs do not effectively address their needs or lack proper implementation.

Limited Satisfaction: Only 10.8% Agree and 2.5% Strongly Agree (totaling 13.3%) find the schemes satisfactory. This small percentage indicates that the majority do not benefit significantly from current initiatives.

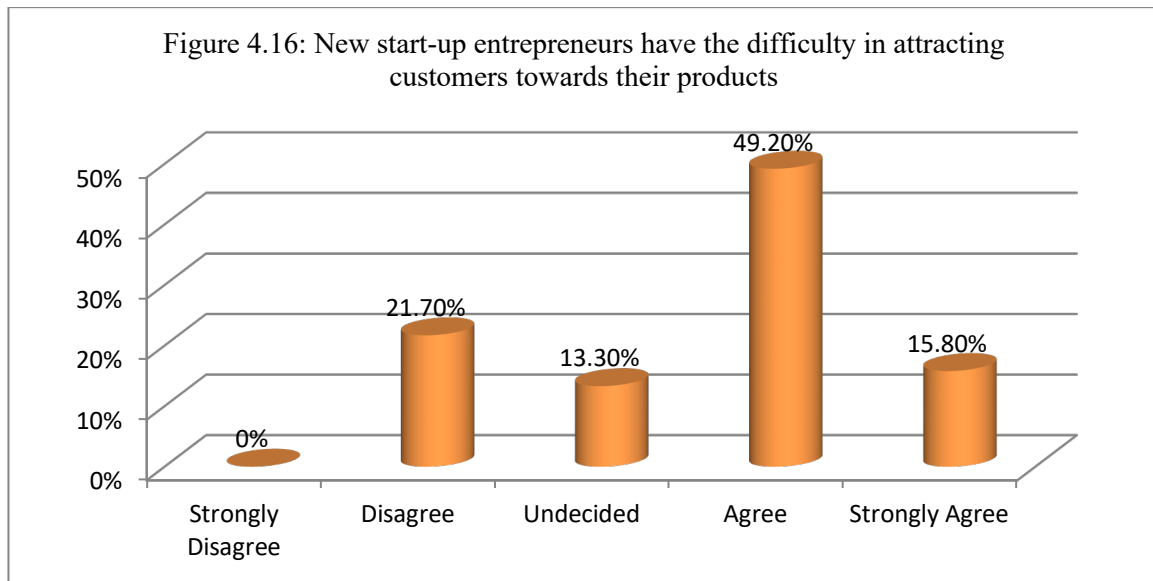
Uncertainty Remains: 14.2% Undecided, reflecting a lack of awareness or mixed experiences with government support.

Challenges and Possible Improvements: There was implementation gaps, the programs exist on paper but lack proper execution, leading to low impact. Rural entrepreneurs may struggle with bureaucratic hurdles, lack of awareness, or insufficient local infrastructure. Schemes may not be tailored to the unique needs of tribal entrepreneurs. Expanding online training platforms and mobile-based access can improve participation. Establishing entrepreneurial hubs in rural areas can offer hands-on training and mentorship.

3. Mentorship and Networking

Mentorship plays a crucial role in guiding rural entrepreneurs through the challenges of starting and sustaining businesses. Research by Bose and Mukherjee (2020) suggests that mentorship programs connecting experienced entrepreneurs with emerging business owners significantly improve success rates and business sustainability.

Similarly, networking opportunities, such as business forums and rural entrepreneurship summits, are instrumental in exposing entrepreneurs to potential investors, partners, and customers. Peer-to-peer mentorship within rural communities also facilitates knowledge-sharing and collaboration, strengthening entrepreneurial ecosystems. The question was asked to the respondents *“Networking opportunities, such as business forums and rural entrepreneurship summits, are accessible and beneficial for rural entrepreneurs.”*



A survey (Figure 4.16) assessed the challenges faced by new start-up entrepreneurs in attracting customers in rural tribal areas of Manipur. The findings highlight the difficulties in establishing a market presence:

The majority with 49.2% Agree that attracting customers is a major challenge, indicating that customer acquisition is one of the biggest hurdles for rural startups. A reasonable with 15.8% Strongly Agree, reinforcing that many entrepreneurs face significant struggles in gaining market traction. The other with 21.7% Disagree, suggesting that a portion of respondents believes customer attraction is not a widespread issue. 13.3% Undecided, reflecting uncertainty or mixed experiences regarding market accessibility.

Key Takeaways and Recommendations

Need for Stronger Mentorship Programs – Establishing structured mentorship networks between experienced and emerging entrepreneurs can provide guidance, problem-solving strategies, and business insights. **Enhanced Networking Platforms** – Creating more accessible business forums, entrepreneurship summits, and online networking platforms can help rural entrepreneurs connect with investors, mentors, and potential customers.

Market Access Initiatives – Government and institutional support should promote rural products through exhibitions, digital marketplaces, and cooperative marketing strategies to improve customer acquisition.

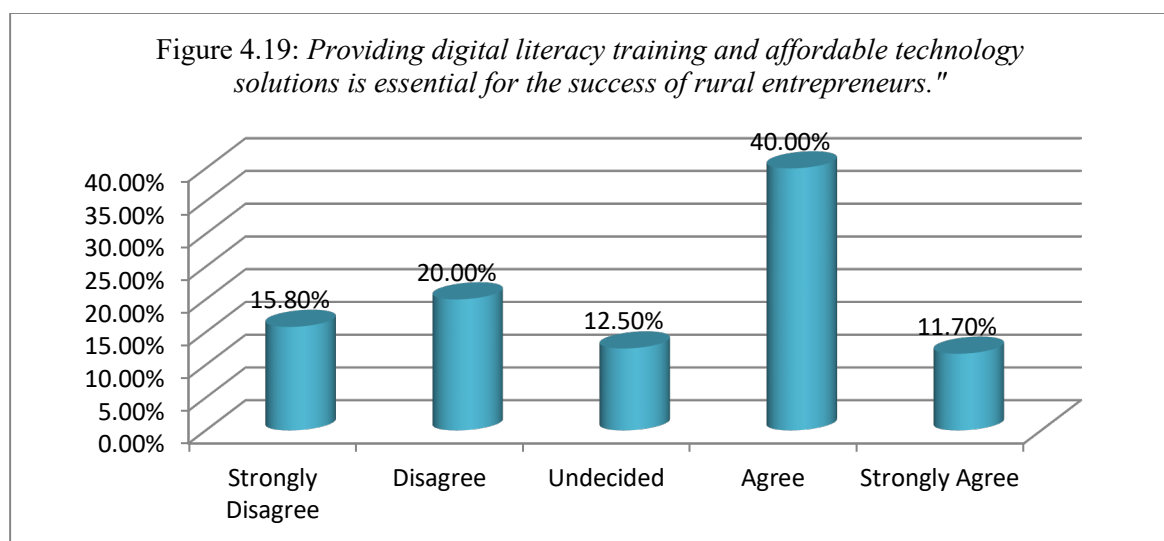
Digital and Social Media Marketing Training – Providing rural entrepreneurs with training on online marketing, branding, and customer engagement can help them expand their reach beyond local markets.

4. Digital and Technological Advancements

The rise of digital platforms has transformed rural entrepreneurship. According to Khan and Singh (2022), tools such as e-commerce, digital marketing, and online payment solutions have helped rural businesses overcome geographical barriers and reach broader markets.

However, digital literacy remains a challenge in many rural areas. Research by Sinha and Yadav (2023) highlights that targeted digital training programs can significantly enhance the adoption of technology-driven business solutions. Expanding internet connectivity and ensuring access to affordable digital tools are crucial steps in empowering rural entrepreneurs to leverage technology for growth.

To assess the perception of digital literacy and technology access among rural entrepreneurs, respondents were asked whether *"Providing digital literacy training and affordable technology solutions is essential for the success of rural entrepreneurs."*



The above Figure showed Providing digital literacy training and affordable technology solutions is essential for the success of rural entrepreneurs. Here's a breakdown of the key findings:

Agree (40.0%): A significant portion of respondents—48 individuals (40.0%)—agreed, indicating that they recognize digital literacy and affordable technology as key enablers for rural entrepreneurship.

Strongly Disagree (11.5%): Fourteen respondents (11.5%) strongly disagreed, suggesting that they do not view digital literacy and affordable technology as essential factors.

Disagree (20.0%): Twenty-four respondents (20.0%) disagreed, implying that they believe other factors may play a more critical role in entrepreneurial success.

Undecided (12.5%): Fifteen respondents (12.5%) remained neutral, reflecting uncertainty about the extent to which digital literacy and technology access impact rural entrepreneurship.

Strongly Agree (15.8%): Nineteen respondents (15.8%) strongly agreed, emphasizing their firm belief in the necessity of digital literacy and affordable technology solutions for rural business growth.

This data underscores the ongoing debate regarding the role of digital literacy and technology access in fostering rural entrepreneurship. While a majority acknowledge their importance, a notable percentage remains skeptical or uncertain, highlighting the need for further awareness and policy interventions.

5. Conceptual Framework: Rural Entrepreneurship Challenges and Solutions

The conceptual framework for rural entrepreneurship focuses on the challenges faced by rural entrepreneurs and the role of skill development in overcoming these barriers. The model integrates four major challenge areas and corresponding solutions through skill development, policy interventions, and technological advancements.

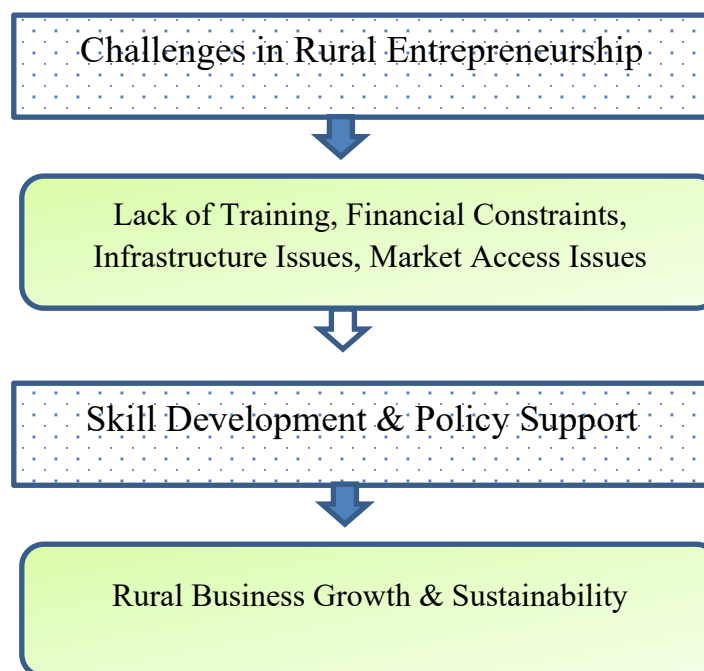


Figure 1: *Conceptual Framework for Rural Entrepreneurship Development*

6. Key Challenges and Solutions

1. *Lack of Access to Training*

Lack of access to training hinders skill development and business management proficiency. The absence of structured programs leaves individuals unprepared for entrepreneurship. To address this, vocational training centers should be established, focusing on practical skills. Digital education platforms can provide accessible learning resources, enabling self-paced education. Community-based learning fosters knowledge-sharing and mentorship, ensuring practical experience. Collaborative efforts between governments, NGOs, and private sectors can enhance training accessibility, empowering individuals with the skills needed for entrepreneurship and sustainable economic growth.



Figure 2: *Vocational Training Impact on Business Growth*

2. *Financial Constraints*

Financial constraints limit business growth due to restricted credit access, high-interest rates, and complex loan procedures. Expanding microfinance institutions can provide small, low-interest loans. Financial literacy programs empower individuals to manage finances effectively. Simplified government credit schemes with minimal paperwork enhance accessibility, fostering entrepreneurship and economic development, especially in underserved communities.



Figure 3: *Financial Inclusion Model*

3. *Infrastructure Deficiencies*

Infrastructure deficiencies, such as poor roads, unreliable electricity, and limited internet access, hinder economic growth. Government-private partnerships can drive infrastructure development, improving connectivity and services. Expanding renewable energy solutions ensures reliable power, reducing dependence on unstable grids. These efforts enhance business opportunities, education, and overall quality of life, fostering sustainable development in underserved areas.

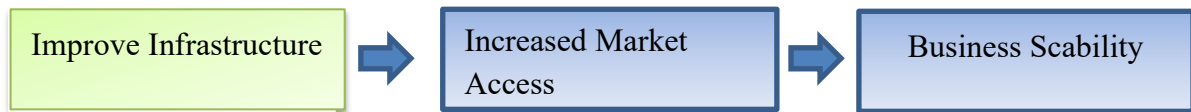


Figure 4: *Infrastructure Impact on Rural Business*

4. Market Awareness and Access

Limited market awareness restricts business growth due to weak branding and lack of exposure. Digital marketing training equips entrepreneurs with skills to promote products effectively. E-commerce platforms expand market reach beyond local areas. Rural business networks foster collaboration and access to larger markets, enhancing visibility, competitiveness, and economic opportunities for small businesses and entrepreneurs.



Figure 5: *Digitalization in Rural Entrepreneurship*

7. Summary and Conclusion

Rural entrepreneurship is a vital driver of economic growth, employment, and social development, yet entrepreneurs in these areas face significant challenges that hinder business sustainability. This literature review highlights four key obstacles: lack of access to training, financial constraints, infrastructure deficiencies, and limited market awareness.

Rural entrepreneurship is essential for economic growth and community development. Despite significant challenges, targeted interventions in skill development, financial inclusion, infrastructure enhancement, and digital adoption can empower rural entrepreneurs. By leveraging existing resources and adopting innovative approaches, rural businesses can thrive and contribute to sustainable development.

7.1 Findings and Recommendations

Research highlights that structured vocational training programs significantly improve business sustainability by equipping individuals with essential skills and knowledge (Das & Mehta, 2019). Entrepreneurs who undergo skill-based training demonstrate better business performance, resilience, and adaptability in competitive markets. Therefore, investing in structured training programs is essential for long-term economic development.

Financial constraints remain a major barrier to entrepreneurship. Studies indicate that expanding microfinance services and implementing government credit initiatives enhance financial inclusion, allowing small businesses to access necessary funds (Sharma et al., 2021). By simplifying loan processes and offering financial literacy programs, aspiring entrepreneurs can effectively utilize available resources and manage their businesses more efficiently.

Infrastructure plays a critical role in rural business development. Poor road conditions, unreliable electricity, and lack of internet access limit business expansion and market access. According to Kumar & Jha (2022), strategic investments in infrastructure, particularly through public-private partnerships, can boost economic activities and connectivity, improving opportunities for rural entrepreneurs.

Digital platforms have the potential to revolutionize small businesses, providing access to larger markets and efficient operational tools. However, proper integration and training are necessary to maximize these benefits (Khan & Singh, 2022). Entrepreneurs must be equipped with digital literacy skills to fully leverage online business opportunities.

7.2 Solutions and Policy Recommendations:

- 1) Vocational Training: Structured training programs on business management, digital marketing, and technical skills improve entrepreneurial success (Das & Mehta, 2019).
- 2) Government Support: Initiatives like PMKVY and financial inclusion policies need better implementation and outreach (Verma et al., 2021).
- 3) Mentorship and Networking: Connecting rural entrepreneurs with mentors and investors can enhance sustainability (Bose & Mukherjee, 2020).
- 4) Digital Advancements: Internet access, e-commerce, and digital literacy training are crucial for business expansion (Khan & Singh, 2022; Sinha & Yadav, 2023).

7.3 Recommendations

- 1) Strengthen partnerships between government agencies, private sector players, and educational institutions to enhance business development programs.
- 2) Increase accessibility of digital training platforms, particularly for rural entrepreneurs, ensuring they can utilize modern tools for growth.
- 3) Improve awareness and implementation of financial support programs to maximize accessibility and impact.

- 4) Expand mentorship programs, encouraging experienced entrepreneurs to guide and support new business owners, fostering knowledge-sharing and sustainable entrepreneurship.

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