

International Journal of Agriculture Extension and Social Development

Volume 8; Issue 1; January 2025; Page No. 167-169

Received: 04-11-2024
Accepted: 08-12-2024

Indexed Journal
Peer Reviewed Journal

Barriers to entrepreneurship among rural youth: Analyzing constraints in venture creation

¹Ramesh Chandra Nautiyal and ²VLV Kameswari

¹Ph.D. Research Scholar, Department of Agricultural Communication, G.B.P.U.A.&T., Pantnagar, Uttarakhand, India

²Professor and Head, Department of Agricultural Communication, G.B.P.U.A.&T., Pantnagar, Uttarakhand, India

DOI: <https://doi.org/10.33545/26180723.2025.v8.i1c.1519>

Corresponding Author: Ramesh Chandra Nautiyal

Abstract

Entrepreneurship is increasingly being recognized as a vital engine for economic development in rural areas where traditional employment opportunities may be scarce. Rural youth are often seen as potential drivers of innovation and growth, yet many face significant barriers when trying to start their own ventures. Understanding these barriers is essential for policymakers and stakeholders who aim to create a supportive environment for entrepreneurial activities. This study investigates the constraints faced by rural youth in starting an enterprise. The study was carried out in the state of Uttarakhand. Data was collected from 240 rural youth using a pretested schedule. The research identifies personal, socio-cultural, institutional/legal, technical, and financial constraints faced by rural youth that hinder venture creation. This paper seeks to explore these constraints systematically, employing qualitative research methods to gather insights directly from rural youth.

Keywords: Entrepreneurship, rural youth, challenges or constraints, rural areas

Introduction

Education plays a crucial role in fostering entrepreneurial skills. In many rural areas, there is a lack of educational programs focused on entrepreneurship, which limits their ability to acquire necessary skills and knowledge (Sharma, 2018) ^[5]. Social perceptions regarding entrepreneurship can significantly influence the entrepreneurial intention of youth. In some cultures, failure in business is viewed negatively and deters young people from pursuing entrepreneurial ventures (Maleki *et al.* 2023) ^[2]. In the present scenario major challenges faced by rural entrepreneurs, were related to personal, social, technological, financial and policy issues. Major management problems were lack of knowledge of I.T, legal formalities, raw materials procurement, and products of poor quality and lack of technical knowledge (Jayadatta, 2017) ^[1]. Access to finance is a primary obstacle for aspiring entrepreneurs. Visaria (1998) ^[6] state that microfinance and alternative funding sources can help mitigates these barriers. Poor infrastructure, including inadequate transportation and communication systems, can severely restrict market access for rural entrepreneurs. This limitation not only affects the ability to sell products but also hinders access to resources and information (Semkunde *et al.* 2022) ^[4]. Regulatory frameworks and bureaucratic processes can complicate the establishment and operation of businesses. Many rural youth are unaware of the various schemes and support available from governmental and non-governmental organizations (Okada, 2012) ^[3]. By identifying the key barriers they face, the study aims to

contribute to the existing literature on rural entrepreneurship and offer recommendations for addressing these challenges.

Methodology

Present study is descriptive in nature. This study adopts a qualitative approach, utilizing semi-structured interview schedule to gather in-depth insights from rural youth. This method allows flexibility in exploring rural youth experiences and perspectives. Convenience sampling was employed to select respondents from two districts- Udham Singh Nagar and Haridwar. Two blocks from each district were selected randomly and two villages were selected from each block, resulting in a total of eight villages. Rural youth were chosen based on their interest in entrepreneurship and age (18-35 years). Interviews were conducted with 240 rural youth across the selected villages. Primary data was collected through personal interview method. The interviews aimed to identify various constraints faced by rural youth in their entrepreneurial journey. The data were analyzed using basic statistical software.

Findings

The study revealed that majority (72.08%) fell within the 21-28 years age group, with 25.42 per cent having attained an intermediate level of education, followed by 23.75 per cent who were graduates. The majority of the youth (62.50%) came from medium-sized families, and 68.75 per cent had marginal land holding (<1 hectare). In terms of income, 72.50 per cent of the families fell into the medium income category, earning between 1.70-4.26 lakh rupees

annually. Moreover, 74.17 per cent of rural youth exhibited medium-level information seeking behavior, and 57.08 per cent had medium mass media exposure.

The analysis revealed several critical barriers faced by rural youth in entrepreneurship. The findings are categorized into five key areas: personal, socio-cultural, institutional/legal, technical, and financial constraints. The following constraints emerged as significant barriers to entrepreneurship among rural youth:

1. Personal Constraints

Statistical analysis revealed that majority of rural youth (60.42%) experience a fear of failure as a major constraint in pursuing entrepreneurship and 59.58 per cent revealed lack of awareness about the entrepreneurial process, including business planning and market research. Lack of education also limits their ability to develop viable business ideas and navigate the complexities of starting a business. It was reported that 36.25 per cent of youth experience lack of encouragement from family members. This finding emphasizes the importance of familial support in fostering entrepreneurship.

2. Socio-cultural Constraints

Majority of youth (83.33%) reported lack of awareness about the benefits of entrepreneurship and available support systems. This gap in knowledge can prevent potential entrepreneurs from pursuing opportunities that could lead to economic empowerment. Rural youth face competition from urban entrepreneurs, who often have better access to resources and markets. This competition can create a perception that rural youth cannot compete effectively, leading to decreased motivation to pursue entrepreneurship (43.33%). The role of societal encouragement was also emphasized, with 26.25 per cent of youth feeling that their communities did not actively support entrepreneurial initiatives. A lack of role models and success stories creates an environment where entrepreneurship is not perceived as a viable career path.

3. Institutional/Legal Constraints

Majority of youth (85.42%) reported lack of knowledge regarding available government schemes and support for entrepreneurs. This lack of awareness can result in missed opportunities for funding and resources that could facilitate business development. The need for regular training programs on banking formalities and entrepreneurship was reported, with 83.33 per cent of the youth emphasizing the importance of such initiatives. Training can equip rural youth with the knowledge and skills needed to navigate the entrepreneurial journey. A significant proportion (70.42%) of youth stated that they lacked access to expert advice on business planning and operations. This gap in guidance can lead to poor decision-making and increased risk of failure for aspiring entrepreneurs i.e. rural youth. Bureaucratic processes involved in securing loans, with 24.17 per cent particularly mentioning the exhaustive paperwork required for creating an enterprise. This complexity can deter young entrepreneurs from applying for financial assistance, limiting their ability to start or expand their businesses.

4. Technical Constraints

The high cost of necessary equipment was a significant barrier for many, with 70.83 per cent of rural youth expressing concern about the affordability of essential tools and machinery. This financial barrier can prevent rural youth from starting businesses that require significant initial investment. The absence of local technical expertise was also reported with 57.08 per cent of youth indicating that they struggled to find guidance and support for their ventures. This lack of local mentorship can leave young entrepreneurs feeling isolated and uncertain about their business decisions. Rural youth reported limited access to modern technology, with 52.92 per cent acknowledging that this limitation hindered their ability to compete effectively. Access to technology can enhance productivity and facilitate market access, making it a critical factor for entrepreneurial success.

Table 1: Constraints faced by rural youth in starting an enterprise

S. No.	Constraints	Frequency	Percentage	Ranking
1	Lack of proper knowledge of availing loans as well as schemes of state/central government	205	85.42	1
2	Deficiency of work capital	202	84.17	2
3	Lack of awareness in rural area	200	83.33	3
4	Lack of regular training programme to provide information of banking formalities	200	83.33	3
5	High cost of equipment's	170	70.83	5
6	Lack of expert's advice	169	70.42	6
7	High cost involved in the development of basic infrastructure	160	66.67	7
8	Fear of failure	145	60.42	8
9	Lack of awareness and lack of education	143	59.58	9
10	Lack of local technical guidance	137	57.08	10
11	Limited access to technology	127	52.92	11
12	Competition from urban entrepreneurs	104	43.33	12
13	Non-availability of organized market	99	41.25	13
14	Lack of family support	87	36.25	14
15	Lack of adequate encouragement by society	63	26.25	15
16	Exhaustive paper work in getting loan	58	24.17	16
17	Inadequate loan facilities	29	12.08	17
18	Unfavorable behavior of banking personals	18	7.5	18

5. Financial Constraints

The most pressing financial concern was shortage of working capital as perceived by 84.17 per cent of rural youth. This shortage limits their ability to invest in businesses and meet operational costs, ultimately affecting their chances of success. A significant number of youth (66.67%) stated that high cost involved in developing basic infrastructure, such as transportation and utilities, as a major barrier. These costs can be prohibitive for new ventures, particularly in rural areas where infrastructure is often lacking. The lack of organized markets for products was also reported, with 41.25 per cent of youth expressing inability to access reliable markets for their goods. The inadequacy of loan facilities was reported by 12.08 per cent, indicating that existing financial services do not meet the needs of rural entrepreneurs. This gap in financial services significantly affects entrepreneurial activity. Negative experiences with banking personnel were reported by a small number of rural youth (7.50%). Such experiences lead to feelings of mistrust toward formal financial institutions.

Ranking of Constraints

The ranking column in Table.1 reflects the relative importance of each constraint faced by entrepreneurs, with lower numbers indicating more critical issues. The top-ranked constraints, such as lack of knowledge about loans and government schemes (Rank 1), lack of working capital (Rank 2), and lack of awareness in rural areas (Rank 3) reveal that financial and information barriers are the most pressing challenges. On the other hand, constraints ranked lower, such as unfavorable behavior of banking personnel (Rank 18) and excessive paperwork in getting a loan (Rank 16) are seen as less urgent. While these issues are still problematic, they are considered less detrimental compared to the more significant barriers like lack of working capital, insufficient technical knowledge, or lack of government support. This ranking indicates that while youths face a range of challenges, the most immediate and significant ones are related to financial resources and access to information. Addressing these top-ranked issues could have the most profound effect on improving entrepreneurial success and reducing barriers to growth.

Conclusion

In conclusion, rural youth face several challenges in starting their own businesses, such as limited access to money, lack of skills, poor infrastructure, and social pressures against risk-taking. They also struggle with limited market opportunities and complicated regulations. To help them succeed, it is important to provide better access to funding, education, infrastructure, and supportive policies that encourage entrepreneurship in rural areas.

References:

1. Jayadatta S. Major challenges and problems of rural entrepreneurship in India. *IOSR J Bus Manag.* 2017;19(9):35-44.
2. Maleki A, Moghaddam K, Cloninger P, Cullen J. A cross-national study of youth entrepreneurship: The effect of family support. *Int J Entrep Innov.* 2023;24(1):44-57.
3. Okada A. Skills development for youth in India:

Challenges and opportunities. *J Int Coop Educ.* 2012;15(2):169-193.

4. Semkunde MA, Elly T, Charles G, Gaddefors J, Chiwona-Karlton L. Rural entrepreneurship and the context: navigating contextual barriers through women's groups. *Int J Gender Entrep.* 2022;14(2):213-234.
5. Sharma L. Entrepreneurial intentions and perceived barriers to entrepreneurship among youth in Uttarakhand state of India: A cross-cultural investigation across genders. *Int J Gender Entrep.* 2018;10(3):243-269.
6. Visaria P. Unemployment among youth in India: Level, nature and policy implications. Geneva: International Labour Organization; c1998.