

**Entrepreneurship Development in Rural Bihar – Role of Rural Self  
Employment Training Institutes (RSETIs)**

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**ABSTRACT**

RSETIs have emerged as one the most promising training intervention of the Govt of India. RSETIs are run in the collaboration with the Banks and the State Govts. Short term intensive training coupled with long term handholding model of entrepreneurship training has been a grand success in ameliorating the burgeoning unemployment problem in rural India. Case study of 5 RSETIs of Bihar States has been highlighted here. RSETIs have created rural entrepreneurship competencies in rural youth resulting in self employment and poverty reduction despite many challenges has been key outcome of the programme.

**Keywords: Rural Entrepreneurship, RSETI, Rural Bihar, Poverty Reduction**

**1. INTRODUCTION**

India, now the world's most populous nation, faces a significant challenge in the form of rising unemployment. Despite the country's economy being projected to grow by over 6 percent in FY 24, placing it among the fastest-growing economies globally, creation of sufficient employment opportunities for the vast number of job seekers remain inadequate.

Research indicates that economic growth in many regions, both historically and in recent times, has been largely driven by the demographic dividend—a benefit India currently possesses. However, for the young workforce to achieve financial stability, there must be a sufficient number of well-paying jobs aligned with the needs of the modern economy, which remains a persistent challenge for India.

India's unemployment rate has seen significant fluctuations in recent years. In 2017-18, it hit a 45-year high of 6.1%, up 2.7 percentage points from the 2011-12 estimates. However, by 2021-22, the rate decreased to 4.1%. But other sources, like CMIE, reported higher numbers - 7.8% in March, and an even higher 8.5% in urban areas where well-paid non-farm jobs are available. Despite these varying figures, the trend indicates a steadily rising unemployment rate, with recent numbers reaching 9.2% in June 2024.

The labor market faces significant pressure, with approximately 5 million workers entering the workforce annually. To address this, the government has implemented a production-linked incentive scheme aimed at creating 6 million jobs over five years. However, this may not be sufficient to meet the growing labor market demands, highlighting the need for sustained efforts to boost employment opportunities and address India's unemployment challenge.

In the face of India's mounting unemployment challenges, entrepreneurship emerges as a beacon of hope and a potential singular solution to this pervasive issue. The sheer scale of the problem, exacerbated by the annual influx of millions into the job market, necessitates innovative and sustainable approaches. Entrepreneurship, with its inherent capacity to generate employment, foster innovation, and diversify the economy, stands out as the key driver of transformative change.

Entrepreneurial development accelerates industrialization, employment opportunities, and economic growth. It empowers individuals with knowledge, skills, and entrepreneurial capacity to build successful enterprises. Entrepreneurs drive innovation, utilize resources efficiently, and act as catalysts for economic progress. Research underscores the significance of entrepreneurship, demonstrating that an increase in entrepreneurs leads to increased economic growth.

In India, entrepreneurship development is vital due to its potential to transform job seekers into job providers, foster massive national development, address

unemployment challenges, and boost economic growth. Entrepreneurs are essential agents of economic progress, and their growth inspires positive change. Nurturing entrepreneurial spirit and capacity unlocks India's economic potential, paving the way for sustainable development and prosperity.

Key aspects of entrepreneurial development include building knowledge and skills, enhancing communication, marketing, financial, managerial, and technical abilities, encouraging innovation and risk-taking, and providing resources and support networks. By prioritizing entrepreneurship development, India can create employment opportunities, stimulate economic growth, foster innovation and competitiveness, and achieve sustainable development.

Ultimately, entrepreneurial development is critical for India's economic future. By supporting entrepreneurs and fostering a conducive ecosystem, India can unlock its growth potential and emerge as a leading economy. This requires a collaborative effort from policymakers, educators, and industry leaders to create an environment that encourages entrepreneurship, innovation, and job creation, driving India's economic success and prosperity.

India, which now is the most populous country of the world, grapples with a formidable challenge of burgeoning unemployment problem. While India's economy is poised to grow at over 6 per cent in FY24, ranking among the world's fastest-growing economies, it falls short of generating adequate employment opportunities for the multitude of job seekers.

Close to five million workers enter the labour force every year in India, according to an analysis of the official estimates. The government's own production-linked incentive scheme for selected sectors is expected to create six million jobs in five years – which will not be sufficient to cater to India's growing labour market.

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Govt. both the Central and State has been running many programs aimed to train the youth becoming entrepreneurs or self employed. One such program promoted by the Ministry of Rural Development, Govt of India in association with the Banks and the State Govt.s is the Rural Self Employment Training Institutes (RSETIs). By its presence in around 600 locations across the country, RSETIs are one the largest brick and mortar training Institute aimed to train India's youth for self employment and entrepreneurship.

The RSETIs have special significance to the State of Bihar as job opportunities in industries and services are very limited in the State. According to the Census of India 2011, Bihar accounted for a substantial share of India's internal migrants, with over 10 million people leaving the state in search of better opportunities. The primary reasons behind this migration include inadequate employment prospects, low wages, and lack of infrastructural development.

The State of Bihar has got 38 RSETIs sponsored by 8 different Banks. It means all the 38 districts of Bihar have an RSETI. Around 35 thousand youth are trained by these Institutes in the State every year. It is to be seen that whether the objective with which the youth are getting trained are actually achieved or not. To what extent the training at RSETIs promote entrepreneurship. Also the societal factors affecting entrepreneurship and the problems faced by the

trainees and training institutes in promoting entrepreneurship and overall youth empowerment.

Keeping the above research objectives in mind, this study has been done covering 5 RSETIs from the State of Bihar.

1. Punjab National Bank RSETI, Patna
2. Union Bank of India RSETI, Samastipur
3. State Bank of India RSETI, Purnea
4. Bank of Baroda RSETI, Sitamarhi
5. Central Bank of India RSETI, Siwan

## **2. OBJECTIVES OF THE STUDY**

- I. To explore the relationship between entrepreneurial training and youth empowerment.
- II. To analyze the role of RSETIs in the selected districts of Bihar in promoting entrepreneurial culture among trained youth.
- III. To study socio-economic profile of respondents with key factors of their success.
- IV. To identify the problems of RSETIs and RSETI trained candidates

## **3. HYPOTHESIS**

On the base of literature review, pilot study and expert interview one tailed hypothesis were framed in this present study. One – tailed tests are appropriate when testing a specific, directional hypothesis (Zar, 1999). Therefore, three research hypotheses were framed in this study.

H1: There is positive effect of entrepreneurial training on youth empowerment.

H2: Research reveals a strong correlation between the effectiveness of Entrepreneurship Development Program (EDP) training and the perceived business performance of entrepreneurs. This suggests that

high-quality EDP training has a direct, positive impact on business outcomes, enhancing entrepreneurs' ability to establish, manage, and grow successful ventures.

H3: There is significant difference between the perceived business success of the respondents and their socio economic profile.

#### **4. METHODOLOGY**

A comprehensive plan of any research is called as a research design. Decision regarding when, what, where, how much, by what means the concerned inquiry has to be made form a research design. In fact it depicts the contour of what a researcher will do from the beginning of the research to the testing of hypotheses and the practical outcomes of the inquiry till the final analysis of the data.

This study on Rural Self-Employment Training Institutes (RSETIs) in Bihar is classified as ex-post facto research since the researcher lacks control over variables and their manipulation. The study's scope is confined to RSETIs in Bihar, with samples chosen proportionally from EDP trainees in select districts. Data collection tools include questionnaires and interview schedules, targeting RSETI trainees who received training between April 2021 and March 2023, as well as directors and faculty members to gain comprehensive insights into RSETI challenges.

Some of the key challenges faced by RSETIs in Bihar include addressing the state's high unemployment rates, which have consistently been higher than the national average <sup>1</sup>. Bihar's economy has historically been reliant on agriculture, with a significant portion of the population engaged in agricultural activities. However, this has led to limited development in industrial and tertiary sectors, resulting in low income and poor living conditions for many.

#### **5. LOCALE & SAMPLING**

There are total 38 RSETIs presently working in entire State of Bihar. It is not possible for the single researcher to cover all the 38 districts considering cost and time suggestions of the study. Therefore, 5 RSETIs on the base of

administrative divisions and its geographical spread have been selected to fairly represent the whole State. Also to have variety, the RSETIs selected were with different Banks. This help in minimizing any possible bias with a particular sponsoring Bank. 5 different Banks have been considered to arrive at reliable conclusions about the whole State by selecting the scientific sample size.

## **6. WHAT ARE THE SOURCES OF DATA**

Both primary and secondary data were used in this study.

### **Method of Primary Data Collection**

Questionnaire was prepared in two parts. Part 1 deals with social and economic profile of the beneficiaries of RSETIs and effect of training on candidates to measure training effectiveness. Part 2 deals with collection of information from the trainers including resource persons, faculty and directors of these institutes. Besides, questionnaire in-depth interview using unstructured interview schedule was also used to collect the primary data.

## **7. Secondary Data**

Secondary data was collected from the activity report of the concerned RSETI and the National Centre for Excellence of RSETI. Besides, literature is collected from various books, newspapers and journals for research.

## **8. DATA ANALYSIS AND PROCESSING**

Data collected using SPSS, AMOS statistical software are analyzed for research purposes. Frequency, percentage, CFA and Garrett scale techniques were also used for quantitatively data analysis and data was collected with the help of in-depth interviews of sample district managers and RSETI trained candidates for

qualitative analysis.

### **9. IMPORTANCE OF THE STUDY**

This study clarifies whether the RSETI model varies across different districts in Bihar and evaluates which training programs are more effective than others. It also assesses the extent of economic empowerment achieved by the youth. The study identifies major issues faced by trainees and RSET institutes, providing insights for stakeholders to address these challenges.

Furthermore, the investigation offers a detailed account of how young people's attitudes shift and how they become motivated to pursue entrepreneurship following training from these institutes. Additionally, the study identifies both easing and obstructive factors at various stages of the training process and contributes by confirming key factors for assessing training effectiveness.

### **10. PERIOD OF STUDY**

This study evaluates the effectiveness of entrepreneurship development programs (EDPs) conducted by Rural Self Employment Training Institutes (RSETIs) in Bihar from 2021 to 2023. To achieve this, a proportional sampling method was employed to select sample respondents from RSETI records in five districts of Bihar. The study utilizes an ex-post facto research design, combining quantitative and qualitative data collection through questionnaires, interview schedules, and secondary data from RSETI documents.

### **11. LIMITATIONS OF THE STUDY**

The study is shown at a micro level, focusing solely on the state of Bihar and examining only five RSETIs.

### **12. CONCLUSION AND RECOMMENDATIONS**

The research study conducted across five districts of Bihar provides a comprehensive analysis of the socio-economic challenges and opportunities within the region. Based on the extensive data collected and analyzed, several key recommendations have emerged to address the identified issues and

promote sustainable development. These recommendations aim to enhance policy frameworks, improve resource allocation, and foster community engagement to drive meaningful change.

By implementing these targeted strategies, it is anticipated that the socio-economic conditions RSETI trained candidates will significantly improve, thereby contributing to the overall progress and prosperity of rural India. The following sections outline the specific recommendations derived from the research findings, which are intended to guide policymakers, development practitioners, and local stakeholders in their efforts to achieve sustainable and inclusive growth.

- The most remarkable finding of the study is that unemployed youth getting empowered to start their own business enterprises after the training. They have higher orientation to succeed in the business. Hence it is recommended that more and more number of rural youth should get trained in the RSETIs so that the burgeoning problem of unemployment can be tackled at the village level itself. This will have much larger impact on dissuading the youth for migrating from the villages to the urban centers which is already very crowded.
- Negative attitude of the family of the family and the society towards self employment has emerged as the rank 1 problem faced by the trainees. To address this problem, a comprehensive approach is needed. Launching awareness campaigns that highlight the success stories of RSETI alumni can demonstrate the potential for financial independence and community development through self-employment. Engaging local leaders and respected community members to endorse entrepreneurial initiatives can significantly influence public perception. Additionally, providing family counseling sessions to address concerns and financial

literacy programs to elucidate the economic benefits of self-employment can mitigate apprehensions. Establishing support networks and mentorship programs will offer guidance and moral support, while introducing incentive schemes such as grants and low-interest loans can visibly illustrate the financial advantages of entrepreneurship. By integrating entrepreneurship education into the local curriculum, fostering early exposure to self-employment, and regularly monitoring the effectiveness of these initiatives, RSETIs can create a more supportive environment for self-employment, encouraging families and society to embrace and champion entrepreneurial activities.

- The second toughest problem expressed by the RSETI trained candidates was the less resources of financial to start their start ups. It is to be understood that the RSETIs are Bank run Institutions where the trainees come with obvious expectation that they will get the credit after the training. To increase credit linkage and provide financial resources to RSETI-trained candidates for their startups, several targeted measures can be implemented. First, establishing dedicated partnerships between RSETIs and local banks or microfinance institutions can facilitate easier access to credit. Creating specialized loan products with favorable terms, such as lower interest rates and flexible repayment schedules, will make borrowing more accessible and affordable for new entrepreneurs. Additionally, implementing financial literacy programs and the sessions on project report preparations will equip trainees with the knowledge to effectively manage loans and navigate the financial system. Introducing a credit guarantee scheme can reduce the perceived risk for lenders, encouraging them to extend credit to RSETI alumni. Streamlining the loan application process and providing assistance with documentation and formalities will further ease access to financial resources. Moreover, developing a system of mentorship and support where successful

entrepreneurs can guide new business owners through the financial landscape will enhance their chances of securing and effectively utilizing credit. By taking these steps, RSETIs can significantly improve the financial support available to their trainees, fostering the growth and sustainability of their startups.

- Trainees interviewed expressed that the course content of RSETI training programs need to be updated. Regularly updating the course curriculum of RSETI programs is essential to ensure that the training remains relevant and responsive to the evolving market demands and technological advancements. By integrating the latest industry trends, emerging technologies, and contemporary business practices into the curriculum, RSETIs can equip trainees with cutting-edge skills that enhance their employability and entrepreneurial potential. RSETIs should continuously engage with industry experts and conduct periodic reviews of the curriculum to identify areas for improvement and incorporation of new knowledge. This proactive approach will ensure that trainees are not only well-prepared to meet current market requirements but also positioned to innovate and adapt in a rapidly changing economic landscape. Additionally, a system should be developed for seeking feedback from the alumni and the target customers for identifying the areas needing improvement. By prioritizing the regular updating of the curriculum, RSETIs can maintain the highest standards of training, thereby maximizing the success and impact of their programs on the trainees' enterprises and the broader community.
- With regard to employment it was observed that more than 56% respondents had not employed any worker meaning they are running single person enterprises. Only 13% RSETI settled trainees could employ at least one person other than himself. Though this itself is a praiseworthy achievement of the RSETI program where the trainees not

only gain employment for themselves but also give employment to other fellow youth. However, their potential needs to be built for running larger enterprises which can create more employment opportunities for other aspiring youth. For building the capacity of RSETI-trained candidates to establish larger enterprises that can employ more rural youth, a multi-faceted strategy is necessary. First, advanced training programs or Skill Upgradation Programs (SUPs) focusing on business management, strategic planning, and leadership skills should be developed and made available to the settled candidates. Providing access to mentorship and coaching from successful entrepreneurs and industry experts can offer practical insights and guidance on scaling businesses. Facilitating access to financial resources through partnerships with banks, venture capitalists, and government funding schemes will enable trainees to secure the necessary capital for expansion. Additionally, creating networking opportunities and industry linkages can help trainees establish valuable connections and partnerships that can drive business growth. Encouraging the formation of cooperatives or business clusters among trainees can foster collaborative efforts, shared resources, and collective bargaining power, enhancing their competitive edge. Finally, implementing continuous monitoring and support systems will ensure that these growing enterprises receive the ongoing assistance needed to navigate challenges and sustain growth. By empowering RSETI-trained candidates on the above lines may help them establishing and expanding their enterprises which can significantly boost employment opportunities and economic development in rural areas. This initiative will help to increase the business turnover of RSETI trainee enterprises which as per the study is mostly in range of up to Rs 2 lakh per year only.

- Most of the RSETI Directors/Faculties interviewed expressed the problem in mobilizing suitable youth for training at RSETIs. The problem expressed is paradoxical in the sense in the one hand there are millions of rural youth who are unemployed and on the hand there are dearth of candidates at the RSETIs for training. A close analysis of this problem need to done by the RSETIs. One of the probable reason may seem as the inability of RSETI appearing to be aspirational. Youth may not see the programs able to meet their expectations. Another reason may be the lack of awareness. Probable solutions may include conducting awareness campaigns in rural communities through local media, social networks, and community events which can help raise awareness about the opportunities and benefits of RSETI training programs. Collaborating with local schools, colleges, and youth organizations can facilitate the identification and recruitment of motivated individuals. Offering informational sessions and open houses where interested youth can learn about the training programs, meet successful alumni, and understand the potential career pathways can also be highly effective. Additionally, providing incentives such as scholarships, stipends, or travel allowances can help alleviate financial barriers that may deter participation. Engaging local leaders, influencers, and respected community members to endorse and promote RSETI programs can further enhance credibility and appeal. Ensuring that the training schedules and content are aligned with the needs and aspirations of the local youth can make the programs more attractive. RSETIs should implement these strategies to mobilize and enroll a larger number of suitable candidates.
- Availability of quality Domain Skill Trainers or Guest Faculty came out as one the constraints for the RSETIs. To secure quality certified Domain Skill Trainers for conducting training programs, RSETIs should adopt a

comprehensive and proactive search and engage strategy. Identifying and recommending trainers/practicing entrepreneurs from field to the National Academy of RUDSETI (NAR) for training and certification can help in creation of a pool of certified trainers with proven expertise. RSETIs should strive to thoroughly evaluate candidates' credentials, practical experience, and teaching abilities before recommending them for the Domain Skill Trainers Certification Programs organized by the NAR. Offering competitive compensation packages, professional development opportunities, and incentives can attract top talent and ensure their retention. Additionally, establishing relationships with industry associations and educational institutions can provide a steady pipeline of prospective qualified trainers. To maintain high standards, RSETIs should regularly assess trainer performance through feedback from trainees and periodic evaluations, providing additional training and support as needed. Creating a robust trainer development program that includes continuous learning opportunities, certifications, and workshops on the latest industry trends will help trainers stay current and enhance their teaching effectiveness. By focusing on these strategies, RSETIs can ensure they have a team of skilled and certified trainers capable of delivering high-quality training programs.

- It is observed from the current study that more than 2/3<sup>rd</sup> of the total respondents had taken Agriculture EDP training from the RSETIs but it is recommended to all RSETIs to give equal weightage to all modules product, process and general EDP in order to fill the skill gap in these sectors also.
- RSETI need to upgrade its course content every year and make sure that latest technology tools and equipment must be used in providing training especially in process EDP trainings.
- In order to solve the problem of remoteness of RSET institutes, it is

suggested that more than one institute should be established in each district (could be Tehsil wise) so that more and more candidates from remote areas can be benefitted.

- The number of trainings annually with long duration should be conducted in order to ensure the good level of skill development, so that more and more candidates could be satisfied by learning soft and hard skills.
- As per the results of this study maximum respondents had started business activities and the not manufacturing units after the training. RSET institutes should encourage their trainees to start manufacturing units for support of centre government schemes of Stand-up India, Start-up India, and MUDRA schemes, etc. in Bihar also.
- As per the results of this study it is identified that RSETI trained candidates had started their enterprises with very low investment ranging between 10 K and 1 lakh and ensure low risk. Therefore, they generate less revenue and they create less employment due to size of their enterprises. So, it is recommended to government to ensure to provide them more credit linkage for larger investments to create more volume to revenue and more employment in various sectors.
- As per the study maximum women candidates had participated in RSETI trainings because more of women start their home based businesses after the training. So, it is recommended that more rural men entrepreneur networks can be formulated to facilitate and encourage more rural men also to start micro enterprises to tackle unemployment and underemployment problem in rural areas.

In summary, the study on the effectiveness of RSETIs in ameliorating the burgeoning problems of unemployment in rural India, particularly in Bihar, reveals several key findings.

RSETIs have significantly contributed to reducing unemployment by equipping rural youth with practical vocational skills and entrepreneurial training. Graduates of RSETI programs have shown a higher rate of self-employment and small business creation, leading to improved economic stability and job opportunities in their communities.

However, the study also identifies the bottlenecks, such as limited access to financial resources, outdated training curricula, and insufficient market linkages, which hinder the full potential of these initiatives.

Additionally, societal attitudes towards self-employment and entrepreneurship remain a barrier, particularly in more conservative rural areas and in States like Bihar where jobs are preferred than self employment.

Overall, while RSETIs have made notable strides in addressing unemployment, further improvements in training quality, financial support, and societal perception are necessary to maximize their impact in Bihar and beyond.

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