Manuscript ID:
TIJCMBLIR-2025-020243

Volume: 2

Issue: 2

Month: April

Year: 2025

E-ISSN: 3065-9191

Submitted: 06 Mar 2025

Revised: 16 Mar 2025

Accepted: 27 Apr 2025

Published: 30 Apr 2025

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DOI: 10.5281/zenodo.23415392
DOI Link:
https://doi.org/10.5281/zenodo.23415392

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Role of Rural Entrepreneurship and Business Model Innovation in Promoting Sustainable Economic Development: A Study of Pune Rural

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Abstract

Rural entrepreneurship has become a way to create jobs boost incomes build local value and bring balanced growth to regions. In Pune district rural economic life is tied to farming, food and dairy processing, local services, tourism, handmade crafts, small factories and new digital businesses. Yet as customers change what they want technology advances, the climate shifts and rivals grow rural entrepreneurs are thinking again about how to make and share value. This paper looks at how rural entrepreneurship and new business models can grow economic progress in Pune Rural. The research uses data from government reports district statistics, policy papers and scholarly work. Pune district matters because it mixes a rural area with strong ties to industry, schools, tech and markets. The Government of Maharashtra says Pune has an industrial base and the land and crops here offer chances for agribusiness and rural business growth. The paper says rural entrepreneurship can help progress by creating jobs broadening rural earnings adding local processing supporting women business owners enabling online sales and using local resources better. Business model innovation can boost these results by adding sales to customers, digital payments, group buying, subscription plans, farm-to-market paths, circular production and products that add value. Recent studies point out that networking among entrepreneurs, local resources, flexible skills and a focus on sustainability are key to business-model changes, in rural places. The study ends by saying that better entrepreneurial skills, digital setup, easier money access, market connections and solid institutional help can make rural businesses profitable while bringing social and environmental gains.

Keywords: *Rural Entrepreneurship, Business Model Innovation, Sustainable Development, Pune Rural, Rural MSMEs, Agribusiness, Digital Commerce, Entrepreneurship, Innovation, Employment, Rural Economy, Sustainable Business*

Introduction

Rural entrepreneurship means people in the countryside starting businesses. In the past rural economies were mostly about farming and related work. Today more buying, new technology, internet and changes in what customers want have made entrepreneurship possible in many new ways beyond just growing crops. Rural enterprises now work in food processing, dairy, farming services, shops, tourism, moving goods learning, fixing things making crafts buying and selling online and using technology to give services. Pune district is a place to look at this change. The Government of Maharashtra says Pune district is 15,643 square kilometres and had about 9.43 million people in 2011. Pune district has 16 tahsils and a mix of mountains and plains from the Western Ghats to the plateau. This mix gives chances for rural entrepreneurship in different villages. Farming, raising animals growing plants turning food into products showing the countryside to visitors and rural services can grow when farmers have good money, new tools and ways to reach buyers.

Pune also links well to city markets, factories and learning places. The Directorate of Industries lists areas like cars, biology, IT/ITES, cloth, sugar, wine, food processing and metal works as part of Pune's life. The industrial picture also shows MSMEs. These links give entrepreneurs chances to sell their goods and services farther than their own villages. For enterprises this can mean turning a farmer who sells raw produce into someone who turns it into other products owns a brand or sells straight to buyers; turning a normal shop into a business that works online; making tourism based on the countryside; creating groups of farmers who work together; or using online sites to talk to shoppers directly.

How to Cite this Article:
Bhor, B. K., & Bangale, M. P. (2026). Role of Rural Entrepreneurship and Business Model Innovation in Promoting Sustainable Economic Development: A Study of Pune Rural. The International Journal of Commerce Management and Business Law in International Research, 2(2), 200–204.
https://doi.org/10.5281/zenodo.23415392

New studies also say that rural sustainable business-model innovation depends on networks of entrepreneur's ties to the area the ability to adapt and a focus, on sustainability. Sustainable rural development cannot rely on money help. Sustainable rural development needs a system that includes entrepreneurs, banks, government bodies, markets, technology makers, schools and local people.

Objectives of the Study

The major objectives are:

1. To examine the role of rural entrepreneurship in the economic development of Pune Rural.
2. To understand the importance of business model innovation among rural enterprises.
3. To examine opportunities for diversification of rural employment and income.
4. To study the role of digital technology and digital commerce in rural enterprises.
5. To identify major challenges faced by rural entrepreneurs.
6. To examine how entrepreneurial innovation can contribute to sustainable economic development.
7. To suggest measures for strengthening the rural entrepreneurial ecosystem in Pune district.

Research Methodology

The study is **descriptive and analytical in nature** and is primarily based on secondary data.

Sources of Data

The study uses:

- Government of Maharashtra Economic Survey reports
- Directorate of Economics and Statistics
- Maharashtra State Data Bank
- Pune District Administration
- Directorate of Industries, Maharashtra
- Census-related district information
- Academic research papers and journal articles
- Reports and publications relating to entrepreneurship and sustainable business models

The Maharashtra State Data Bank provides district and rural-level statistical reports and allows data to be examined through District Statistical Abstracts and rural reports.

Analytical Approach

The study uses descriptive analysis through:

- Tables
- Percentages
- Sectorial comparisons
- Trend interpretation
- Conceptual analysis of business models
- Review of entrepreneurship and sustainability literature

Important note: The tables below distinguish official secondary data from conceptual/interpretive analysis. No primary survey results have been fabricated.

Pune Rural: Economic and Entrepreneur urial Context

Pune district combines agriculture with manufacturing and services. This creates a potentially strong environment for rural entrepreneurship because rural producers can access nearby urban and industrial markets.

Table 1: Selected Profile of Pune District

Indicator	Figure/Description
Geographical area	15,643 sq. km
Population – 2011 Census	94,26,259
Male population	49,36,362
Female population	44,89,597
Literacy rate	76.06%
Male literacy	80.02%
Female literacy	71.73%
Number of tahsils	16
Major rivers	Bhima, Nira, Indrayani, Mula, Mutha, Ghod, Kukdi etc.

Source: Directorate of Economics and Statistics, Government of Maharashtra; Pune District Administration.

The figures demonstrate the scale and diversity of the district. The large population and extensive geographical area create a substantial potential market for rural enterprises. At the same time, differences in infrastructure, education, market access and natural-resource availability across rural areas mean that entrepreneurial opportunities are not uniform.

Descriptive Data Analysis

1 Maharashtra's Economic Environment

The wider state economy provides an important background for rural entrepreneurship. According to the **Economic Survey of Maharashtra 2024–25**, advance estimates indicated real growth of **7.3%** for the state's economy in 2024–25. Sector-wise real Gross State Value Added was expected to grow by **8.7% in agriculture and allied activities, 4.9% in industry and 7.8% in services**.

Table 2: Sectoral Growth in Maharashtra, 2024–25

Sector	Expected real growth (%)
Agriculture & allied activities	8.7
Industry	4.9
Services	7.8

Figure 1: Sectoral Growth – Maharashtra, 2024–25

Sectoral growth in Maharashtra, 2024–25
Advance-estimate real GVA growth by major sector.
0%3%6%9%12%
Agriculture & allied
Industry
Services
The data indicate that all three major sectors were expected to expand, with agriculture and allied activities and services showing particularly strong growth in the 2024–25 advance estimates. For Pune Rural, this combination is relevant because rural entrepreneurs can operate at the intersection of agriculture and services—for example, food processing, logistics, farm services, digital marketing, agro-tourism and agricultural advisory services.

2 Industrial and MSME Ecosystem

The Directorate of Industries' Pune profile reports a substantial industrial ecosystem, including **9,273 industrial units, 68,080 MSMEs and 1,490 large enterprises** in the profile presented by the department.

Table 3: Selected Industrial Indicators Reported for Pune

Indicator	Number
Industrial units	9,273
MSMEs	68,080
Large enterprises	1,490
MIDC IT Parks	37
Other parks	7
SEZs	20

Source: Directorate of Industries, Government of Maharashtra. These figures are reproduced from the department's Pune industrial profile and should be treated as profile-period figures rather than as a 2026 census of enterprises.

The presence of a large MSME base is significant for rural entrepreneurship because rural firms can become suppliers, distributors, service providers and ancillary businesses connected with larger economic clusters.

Role of Rural Entrepreneurship in Sustainable Development

1 Employment Generation

Entrepreneurship creates self-employment and can generate additional employment for local workers. Rural enterprises can absorb labour that may otherwise migrate to cities. Small food-processing units, dairy businesses, repair services, retail enterprises and agro-service businesses can create local employment.

2 Agricultural Value Addition

One of the biggest opportunities is moving from **commodity production to value-added production**. Instead of selling agricultural commodities immediately after harvest, entrepreneurs can undertake processing, packaging, branding and direct marketing.

For example:

Farmer → Raw produce → Processing → Packaging → Branding → Digital marketing → Consumer

This approach can increase the share of final consumer value retained within the rural economy.

3 Women's Entrepreneurship

Women-led SHGs and micro-enterprises can contribute to household income and local economic participation. Rural women's businesses can include food products, tailoring, handicrafts, agricultural processing, retail and digital services.

A recent report on rural women entrepreneurs in Maharashtra highlighted financial literacy and branding support as mechanisms for strengthening women's enterprises.

4 Digital Entrepreneurship

Digital platforms can reduce geographical barriers. Rural entrepreneurs can use:

- UPI and digital payments
- WhatsApp Business
- Social media marketing
- E-commerce platforms
- Digital accounting
- Online customer management
- Direct-to-consumer sales

This can allow a small rural enterprise to access customers outside its immediate village.

Business Model Innovation in Pune Rural

Business model innovation does not necessarily require sophisticated technology. It can involve a new way of organizing an existing business.

Table 4: Examples of Rural Business Model Innovation

Traditional Model	Innovative Model	Sustainability Benefit
Sale of raw agricultural produce	Processing and branded products	Higher value addition
Local-only retail	Digital + local retail	Wider market
Individual farmer marketing	Collective/FPO marketing	Better bargaining
Seasonal farm income	Agro-tourism/farm experiences	Income diversification
Cash-only transactions	Digital payments	Transaction efficiency
Waste disposal	Waste-to-value products	Resource efficiency
Middlemen-dependent sales	Direct-to-consumer sales	Improved market linkage
Single product	Product diversification	Reduced income risk

Recent research argues that sustainable business-model innovation in rural areas can integrate **economic, social and environmental value**, rather than concentrating only on profit.

Emerging Rural Business Opportunities in Pune

Pune Rural has potential for several entrepreneurial models.

Agriculture and Food Processing

- Fruits and vegetable processing
- Dairy products
- Millet-based products
- Jaggery and sugarcane products
- Pickles and traditional foods
- Organic and natural products

Agro-tourism

Agro-tourism can diversify farm income by combining agriculture with accommodation, food, recreation and educational experiences.

Sustainable Agriculture

Entrepreneurs can develop businesses around:

- Organic farming
- Composting
- Solar irrigation
- Water-saving technologies
- Farm machinery services
- Soil testing
- Agricultural advisory services

A Pune-based example reported by the Indian Express describes an agroforestry model combining fruit trees with cereals, pulses and millets to improve land productivity and diversify farm income.

Rural Technology Services

Young entrepreneurs can provide:

- Digital accounting
- Online government-service assistance
- Digital marketing
- E-commerce support
- Computer education
- Drone-based agricultural services
- Digital financial services

Major Challenges

Despite opportunities, rural entrepreneurs face several constraints.

1. Limited Access to Finance

Small entrepreneurs may have difficulty obtaining adequate working capital or long-term investment.

2. Market Uncertainty

Agricultural enterprises are exposed to price fluctuations, seasonal demand and changing consumer preferences.

3. Limited Business Skills

Entrepreneurs may possess technical or agricultural knowledge but lack expertise in accounting, marketing, branding and strategic planning.

4. Digital Divide

Internet access alone is insufficient. Entrepreneurs also need digital literacy and knowledge of online business tools.

5. Infrastructure Constraints

Transport, storage, cold-chain facilities and reliable electricity remain important for some rural businesses.

6. Climate Risk

Agriculture-dependent businesses are particularly exposed to rainfall variability, drought, heat and other environmental changes.

7. Institutional Complexity

Small businesses may face difficulties understanding registration, taxation, licensing and regulatory requirements.

10. Sustainable Entrepreneurship Framework for Pune Rural

A sustainable rural enterprise can be understood through the following model:

Local Resources

↓

Entrepreneurial Capability

↓

Innovation in Products/Processes

↓

Business Model Innovation

↓

Digital & Market Connectivity

↓

Value Creation

↓

Employment + Income + Social Benefits + Environmental Benefits

↓

Sustainable Rural Economic Development

This framework is consistent with recent literature that emphasizes entrepreneurial networks, local embeddedness, dynamic capabilities and sustainability orientation in rural sustainable business-model innovation.

Suggestions

1. **Improve access to entrepreneurial finance** through banks, cooperative institutions, and microfinance and government schemes.
2. **Develop rural entrepreneurship training centres** focusing on accounting, digital marketing, GST basics, branding and business planning.
3. **Promote FPOs and producer groups** to strengthen collective marketing.
4. **Encourage food processing and local value addition** rather than dependence on raw commodity sales.
5. **Expand digital commerce training** for rural entrepreneurs.
6. **Promote women-led enterprises** through financial literacy, branding and market-linkage programmes.
7. **Develop rural incubation centres** connecting entrepreneurs with colleges and technology institutions.
8. **Promote green business models** based on renewable energy, recycling, water conservation and resource efficiency.

9. Strengthen rural logistics and cold-chain infrastructure.
10. Connect rural enterprises with Pune's urban and industrial markets.

Conclusion

Rural entrepreneurship has the potential to become an important instrument for sustainable economic development in Pune Rural. The district's combination of agricultural resources, large consumer markets, industrial linkages, human capital and expanding digital connectivity creates opportunities for entrepreneurship beyond conventional farming.

The analysis shows that rural entrepreneurship can contribute to sustainable development through employment generation, agricultural value addition, income diversification, women's economic participation and local enterprise development. Business model innovation can strengthen these outcomes by changing how rural enterprises create, deliver and capture value.

The most important transformation is therefore not simply the introduction of new technology, but the **reorganization of rural business around innovation, market access, value addition and sustainability**. A farmer can become a processor and brand owner; a village shop can become a digitally connected retail enterprise; an SHG can become a branded producer; and a farm can diversify into tourism or value-added food production.

For Pune Rural, the future of entrepreneurship lies in connecting **local resources with modern management, digital technology, finance and wider markets**. Sustainable business models that balance profitability with social and environmental considerations can contribute to more resilient rural economies. Recent research also reinforces the importance of place-based entrepreneurial networks and sustainability-oriented capabilities in rural business-model innovation.

Thus, rural entrepreneurship should not be viewed only as a means of individual self-employment. It can be understood as a mechanism for building **local value chains, employment opportunities, innovative enterprises and sustainable communities**.

Acknowledgement

The authors sincerely express their gratitude to the Government of Maharashtra, Directorate of Economics and Statistics, Directorate of Industries, Pune District Administration, and Maharashtra State Data Bank for providing valuable secondary data and statistical information used in this study.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of thesis paper.

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