Assessing the Start-Up Village Entrepreneurship Programme (SVEP) in Kerala: Implications for Rural Enterprise Development and Inclusive Growth

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Abstract—**Rural entrepreneurship is increasingly recognised as a key driver of inclusive economic development, particularly in regions where agriculture alone can no longer provide sustainable livelihoods. In India, the Start-Up Village Entrepreneurship Programme (SVEP), implemented under the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM), was introduced to strengthen rural enterprises by combining financial support with capacity building, business mentoring, and institutional facilitation. Kerala presents a distinctive case for examining the programme because of its strong decentralised governance system and the extensive community-based network of Kudumbashree, which has played a pivotal role in promoting women's entrepreneurship and local economic development.**

Drawing on secondary data from government reports, policy documents, and peer-reviewed literature, this paper examines the contribution of SVEP to rural enterprise development and inclusive growth in Kerala. Rather than limiting the assessment to the number of enterprises created, the study explores broader outcomes such as employment generation, women's economic participation, enterprise sustainability, and the strengthening of local entrepreneurial ecosystems. The analysis suggests that the convergence of SVEP with Kudumbashree has expanded entrepreneurial opportunities for rural households, particularly women from socially and economically marginalised communities. However, challenges related to market integration, digital adoption, access to advanced business services, and long-term enterprise sustainability continue to influence programme outcomes.

The paper argues that entrepreneurship programmes are most effective when they are embedded within supportive local institutions that provide continuous mentoring, market linkages, and collective learning opportunities. Kerala's experience demonstrates that community-based entrepreneurship can contribute to inclusive rural transformation, but sustaining these gains requires stronger policy support for enterprise growth, innovation, and competitiveness. The findings contribute to the broader discussion on rural entrepreneurship as a strategy for inclusive development in emerging economies.

Index Terms—**Start-Up Village Entrepreneurship Programme, Rural Entrepreneurship, Inclusive Growth, Kudumbashree, Kerala, DAY-NRLM, Rural Livelihoods, Community Institutions**

I. Introduction

Entrepreneurship has emerged as a crucial pillar of rural development policy worldwide. While traditionally associated with economic growth and innovation, entrepreneurship is now increasingly viewed as a mechanism for reducing poverty, generating employment, strengthening local economies, and enhancing social inclusion, particularly in rural regions where livelihood opportunities remain limited (Acs, Desai, & Hessels, 2008; Naudé, 2013). In developing countries, the emphasis has gradually shifted from promoting self-employment alone to creating entrepreneurial ecosystems that enable individuals to establish, sustain, and expand enterprises within their local communities (Isenberg, 2011).

India presents a compelling context for this transition. Although the rural economy continues to support a substantial share of the country's population, agriculture has become progressively less capable of absorbing the growing workforce. Declining farm profitability, land fragmentation, climate-related uncertainties, and seasonal employment have intensified the need for diversified livelihood opportunities (Government of India, 2023). Rural entrepreneurship has therefore emerged as an important policy priority, not only for generating income but also for stimulating local production, creating employment, and reducing regional inequalities (Saxena, 2012).

Recognising these challenges, the Government of India introduced the Startup Village Entrepreneurship Programme (SVEP) under the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM). Unlike earlier self-employment initiatives that focused primarily on providing subsidised credit, SVEP adopts a more comprehensive approach by combining financial inclusion with entrepreneurship development, business counselling, enterprise incubation, mentoring, and market facilitation (Ministry of Rural Development, 2023). The programme reflects an important shift in development thinking—from supporting individual beneficiaries to strengthening local entrepreneurial ecosystems that enable enterprises to survive and grow.

The growing emphasis on entrepreneurship also reflects wider international development priorities. The United Nations Sustainable Development Goals identify decent work, productive employment, gender equality, and inclusive economic growth as interconnected objectives that can be advanced through entrepreneurial development (United Nations, 2015). Several international organisations have similarly argued that entrepreneurship contributes to economic resilience when supported by strong institutions, social networks, and access to markets rather than financial assistance alone (OECD, 2022; World Bank, 2022). Consequently, the effectiveness of entrepreneurship programmes increasingly depends on the quality of institutional support available to entrepreneurs throughout the business lifecycle.

Kerala offers a distinctive environment for examining these issues. The state is widely recognised for its achievements in literacy, healthcare, gender development, and decentralised governance, yet it continues to face structural challenges such as educated unemployment, outward migration, and limited industrial expansion (George & Ajith Kumar, 2012). These characteristics make entrepreneurship an attractive pathway for local economic diversification. However, unlike many other states, Kerala's entrepreneurial landscape has evolved within a strong framework of community participation, particularly through Kudumbashree.

Established in 1998, Kudumbashree has grown into one of the world's largest women-centred poverty alleviation missions, bringing together millions of women through neighbourhood groups, area development societies, and community development societies. Over time, the mission has expanded beyond poverty reduction to become an important platform for enterprise promotion, financial inclusion, skill development, and local governance (Williams, Thampi, Narayana, Nandigama, & Bhattacharyya, 2011). Its institutional structure provides aspiring entrepreneurs with social capital, peer support, access to credit, and opportunities for collective learning—resources that are often unavailable to first-generation rural entrepreneurs.

The integration of SVEP with Kudumbashree, therefore represents more than an administrative convergence of two development programmes. It illustrates an institutional model in which entrepreneurship is nurtured through community networks rather than individual effort alone. Research increasingly shows that entrepreneurial success is shaped by institutional environments, trust-based relationships, and access to knowledge networks as much as by financial capital (North, 1990; Stam, 2015). For rural entrepreneurs, especially women, these social and institutional resources often determine whether an enterprise survives beyond its initial years (Datta & Gailey, 2012).

Despite the growing policy attention given to rural entrepreneurship, empirical evidence on the long-term effectiveness of SVEP remains limited. Existing studies have largely focused on programme implementation, beneficiary satisfaction, or district-level experiences, leaving broader questions about enterprise sustainability, employment generation, innovation, and inclusive growth relatively underexplored. Moreover, much of the available evidence remains descriptive, with limited attempts to situate the programme within broader debates on rural entrepreneurship and institutional development.

Against this backdrop, the present study examines the role of SVEP in promoting rural enterprise development and inclusive growth in Kerala. Using evidence drawn from government reports, programme documents, and academic literature, the paper evaluates the programme not merely in terms of enterprise creation but also through its contribution to women's economic empowerment, local employment generation, institutional strengthening, and community-based development. The paper further explores the challenges that continue to constrain enterprise growth and discusses policy measures that could enhance the effectiveness of rural entrepreneurship initiatives.

By positioning Kerala's experience within the wider discourse on entrepreneurship and inclusive development, the study contributes to a deeper understanding of how community-based institutions can strengthen rural entrepreneurial ecosystems. The findings are expected to inform policymakers, development practitioners, and researchers seeking to design entrepreneurship programmes that are economically viable, socially inclusive, and institutionally sustainable.

II. Literature Review

2.1 Rural Entrepreneurship and Inclusive Growth

Rural entrepreneurship has increasingly become a central theme in development discourse because of its potential to generate employment, diversify rural livelihoods, and reduce regional disparities. While early studies primarily viewed entrepreneurship as an economic activity driven by individual innovation and risk-taking (Schumpeter, 1934), more recent scholarship argues that entrepreneurship is deeply embedded within social, institutional, and spatial contexts (Welter, 2011). Consequently, the success of rural enterprises depends not only on entrepreneurial capabilities but also on the quality of institutions, infrastructure, finance, and market linkages that shape the entrepreneurial environment.

Naudé (2013) argues that entrepreneurship should not be regarded as a universal solution to rural poverty. Instead, its developmental contribution depends on whether entrepreneurs operate within an enabling ecosystem that facilitates innovation, learning, and business expansion. Similarly, Acs, Desai, and Hessels (2008) contend that entrepreneurship contributes to economic development only when institutional arrangements support productive entrepreneurial activities rather than survival-oriented enterprises. These arguments are particularly relevant to developing economies, where many rural enterprises emerge out of necessity rather than opportunity.

The relationship between entrepreneurship and inclusive growth has also received growing scholarly attention. Inclusive growth extends beyond economic expansion to encompass equitable access to opportunities, productive employment, and improvements in living standards across different social groups. Entrepreneurship contributes to inclusive growth by enabling economically disadvantaged households to participate in local markets, generate income, and accumulate productive assets. However, the distribution of these benefits depends on institutional arrangements that reduce barriers to finance, skills, technology, and market participation (OECD, 2022).

Recent studies further suggest that rural entrepreneurship strengthens community resilience by encouraging economic diversification and reducing dependence on agriculture alone. Steiner and Atterton (2015) argue that rural enterprises generate wider social benefits by creating local employment, strengthening community networks, and improving the adaptive capacity of rural economies. Similarly, Korsgaard, Ferguson, and Gaddefors (2015) emphasise that rural entrepreneurs often pursue both economic and social objectives, making them important actors in community development rather than merely business owners.

These perspectives indicate that entrepreneurship should be understood as a multidimensional development process rather than a simple mechanism for enterprise creation. Consequently, contemporary entrepreneurship policies increasingly focus on strengthening entrepreneurial ecosystems that support enterprises throughout their life cycle instead of limiting interventions to financial assistance during the start-up phase.

2.2 Entrepreneurial Ecosystems and Institutional Support

The concept of the entrepreneurial ecosystem has significantly influenced entrepreneurship research during the past decade. Rather than examining entrepreneurs as isolated economic actors, the ecosystem perspective highlights the interaction between institutions, policies, finance, education, markets, culture, and support organisations in shaping entrepreneurial success (Isenberg, 2011; Stam, 2015).

Isenberg (2011) argues that successful entrepreneurial ecosystems emerge when multiple institutional actors operate in a complementary manner. Government agencies, financial institutions, educational organisations, business mentors, and local communities collectively create an environment in which entrepreneurship can flourish. Stam (2015) extends this argument by emphasising that entrepreneurial outcomes depend not merely on the presence of institutional resources but also on the quality of interactions among these actors.

Institutional Theory provides an additional explanation for variations in entrepreneurial performance. North (1990) defines institutions as the formal and informal rules that structure economic and social interactions. Formal institutions include government policies, regulations, and financial systems, while informal institutions encompass social norms, trust, networks, and cultural values. Together, these institutions reduce uncertainty, facilitate cooperation, and influence entrepreneurial decision-making.

This perspective is particularly relevant in rural settings, where entrepreneurs frequently encounter market imperfections, limited information, and financial exclusion. In such contexts, community-based organisations often compensate for institutional deficiencies by providing mentoring, knowledge sharing, and collective support. Welter (2011) argues that entrepreneurship cannot be fully understood without considering these contextual influences, especially in developing economies where informal institutions frequently complement formal governance structures.

The ecosystem perspective therefore, shifts attention away from individual entrepreneurial characteristics towards the broader institutional environment that enables enterprise creation, survival, and growth. This understanding has influenced several entrepreneurship promotion programmes worldwide, including India's Startup Village Entrepreneurship Programme (SVEP), which integrates financial support with community-based mentoring and business advisory services. The programme seeks to address common constraints faced by rural entrepreneurs through a structured support system rather than relying exclusively on credit provision.

2.3 Women's Entrepreneurship and Community-Based Institutions

Women's entrepreneurship has emerged as one of the most significant dimensions of inclusive rural development. Numerous studies indicate that women-owned enterprises contribute not only to household income but also to improvements in children's education, health, and community well-being. Nevertheless, women entrepreneurs continue to encounter structural barriers, including restricted access to finance, limited asset ownership, mobility constraints, and gender-based social norms (Datta & Gailey, 2012).

Self-help groups (SHGs) have increasingly been recognised as effective institutional platforms for addressing these challenges. Beyond facilitating access to credit, SHGs foster social capital, mutual learning, collective action, and entrepreneurial confidence. Datta and Gailey (2012) demonstrate that community-based organisations strengthen women's entrepreneurial capabilities by combining financial inclusion with leadership development and peer support.

Kerala's Kudumbashree mission represents one of the most widely studied examples of this community-based approach. Unlike conventional poverty alleviation programmes, Kudumbashree integrates financial inclusion, local governance, enterprise promotion, and social mobilisation through a three-tier network of neighbourhood groups, area development societies, and community development societies. This institutional structure enables women to access credit, business training, mentoring, and market opportunities while simultaneously strengthening collective decision-making and local participation.

The Start-Up Village Entrepreneurship Programme builds upon this institutional foundation by introducing specialised business support mechanisms, including Community Resource Persons for Enterprise Promotion (CRP-EPs), Micro Enterprise Consultants (MECs), enterprise planning, incubation support, and post-establishment mentoring. Rather than viewing entrepreneurship solely as an individual economic activity, the programme embeds enterprise development within existing community institutions, thereby reducing information asymmetry and improving access to business support services.

Although this integrated model has received considerable policy recognition, empirical evidence on its long-term contribution to enterprise sustainability, innovation, and inclusive rural transformation remains limited. Much of the existing literature focuses on programme implementation or beneficiary experiences, indicating the need for broader analytical assessments that connect entrepreneurship outcomes with institutional development and inclusive growth.

2.4 Rural Entrepreneurship in India: Policy Evolution and Emerging Evidence

India's approach to rural entrepreneurship has evolved considerably over the past two decades. Earlier programmes largely focused on self-employment through subsidised credit and asset creation, often paying limited attention to enterprise sustainability. While these interventions improved access to finance, many enterprises struggled because entrepreneurs lacked business planning skills, market information, mentoring, and institutional support. Consequently, recent policy thinking has shifted towards developing entrepreneurship ecosystems that integrate finance, capacity building, business incubation, and post-establishment handholding.

The Startup Village Entrepreneurship Programme (SVEP) reflects this transition. Implemented under the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM), SVEP was designed to promote non-farm rural enterprises by strengthening the local entrepreneurial ecosystem rather than merely financing individual businesses. The programme introduced innovations such as Community Resource Persons for Enterprise Promotion (CRP-EPs), Micro Enterprise Consultants (MECs), enterprise planning tools, and community-based business advisory services. These institutional innovations distinguish SVEP from many earlier rural self-employment programmes by recognising that entrepreneurship is a continuous process requiring sustained support beyond business start-up.

Evidence from different states indicates that SVEP has improved entrepreneurial awareness, encouraged first-generation entrepreneurs, and strengthened local enterprise promotion systems. However, programme outcomes vary across regions because entrepreneurial performance is influenced by local institutions, infrastructure, market opportunities, and implementation capacity. This suggests that policy design alone cannot ensure successful entrepreneurship; equally important is the institutional environment within which entrepreneurs operate.

2.5 Kudumbashree, Community Institutions and Rural Enterprise Development

Kerala presents a distinctive institutional setting for examining rural entrepreneurship. Unlike many states where entrepreneurship programmes operate through administrative structures alone, Kerala benefits from the extensive community network established by Kudumbashree. Since its inception in 1998, Kudumbashree has expanded from a poverty alleviation mission into a comprehensive platform for women's empowerment, financial inclusion, local governance, and enterprise promotion.

Existing research consistently attributes Kudumbashree's success to its emphasis on collective action rather than individual entrepreneurship. Women's neighbourhood groups create opportunities for peer learning, mutual trust, financial discipline, and collective problem-solving. These social relationships strengthen entrepreneurial confidence while reducing many of the informational and institutional barriers that commonly discourage first-generation entrepreneurs. Studies further demonstrate that multi-stakeholder collaboration involving local governments, financial institutions, community organisations, and training agencies significantly improves enterprise outcomes and women's economic empowerment.

Within this institutional environment, SVEP functions as a complementary intervention rather than an isolated programme. Kudumbashree's existing organisational structure enables efficient identification of potential entrepreneurs, mobilisation of community resources, and continuous enterprise mentoring. The MEC model developed in Kerala subsequently influenced the broader design of SVEP across several Indian states, highlighting the state's contribution to national entrepreneurship policy.

Nevertheless, enterprise sustainability remains an important concern. Studies on Kudumbashree micro-enterprises indicate that many enterprises encounter managerial challenges after establishment, particularly with respect to marketing, business expansion, technology adoption, and long-term competitiveness. While training improves entrepreneurial capability, continuous capacity building and market-oriented support remain essential for sustaining enterprise growth.

2.6 Critical Synthesis of Existing Literature

The literature reveals broad agreement that entrepreneurship can contribute to employment generation, livelihood diversification, and inclusive development. However, important differences emerge regarding the conditions under which entrepreneurship produces sustainable development outcomes.

One perspective emphasises entrepreneurship primarily as an engine of economic growth, innovation, and productivity. Another argues that in developing countries, entrepreneurship frequently represents a livelihood strategy adopted in response to limited employment opportunities rather than the pursuit of innovation. These contrasting perspectives imply that simply increasing the number of enterprises does not necessarily translate into sustainable economic transformation.

Similarly, studies on women entrepreneurship consistently demonstrate positive outcomes in terms of income generation and social empowerment. Yet relatively few studies examine enterprise survival, competitiveness, or long-term business performance. Most available research measures programme success using indicators such as enterprise formation, access to credit, or beneficiary participation, while paying comparatively less attention to enterprise resilience, innovation, and market integration.

Research on SVEP exhibits similar limitations. Existing studies predominantly assess programme implementation at district or block level, focusing on beneficiary perceptions, poverty reduction, or operational effectiveness. Although these studies provide valuable implementation insights, they rarely situate SVEP within broader theoretical debates concerning entrepreneurial ecosystems, institutional development, and inclusive growth. Moreover, comparative evidence from Kerala remains limited despite the state's distinctive institutional context and nationally recognised community-based development model.

These limitations indicate the need for analytical studies that move beyond descriptive programme evaluation towards understanding how institutional ecosystems influence entrepreneurial outcomes and rural transformation.

2.7 Theoretical Framework

This study is guided by two complementary theoretical perspectives: **Entrepreneurial Ecosystem Theory** and **Institutional Theory**.

Entrepreneurial Ecosystem Theory proposes that successful entrepreneurship depends on interactions among multiple actors, including government agencies, financial institutions, educational organisations, markets, mentors, and local communities (Isenberg, 2011; Stam, 2015). Rather than attributing entrepreneurial success solely to individual characteristics, the theory argues that enterprise creation and growth are products of supportive ecosystems. This framework is particularly relevant to SVEP because the programme explicitly integrates community institutions, financial services, business mentoring, and local governance into enterprise development.

Institutional Theory, developed by North (1990), complements this perspective by emphasising that both formal institutions (laws, policies, financial systems) and informal institutions (social norms, trust, networks, and community relationships) shape entrepreneurial behaviour. Kerala's Kudumbashree network represents an important example of such an institutional arrangement, where social capital reinforces formal entrepreneurship policies.

Combining these theoretical perspectives enables a more comprehensive understanding of SVEP. While the ecosystem approach explains the interaction among different support institutions, Institutional Theory highlights how community relationships, trust, and collective action influence entrepreneurial success.

III. Methodology

3.1 Research Design

This study employs a qualitative research design, utilising secondary data analysis, to investigate the contribution of the Startup Village Entrepreneurship Programme (SVEP) to rural enterprise development and inclusive growth in Kerala. A qualitative approach is appropriate because the study seeks to understand how institutional arrangements, community participation, and policy interventions shape entrepreneurial outcomes rather than measuring causal relationships through primary survey data.

Secondary analysis has become an accepted research strategy in entrepreneurship and public policy research, particularly when evaluating large-scale development programmes implemented across multiple regions. It enables researchers to synthesise evidence from diverse sources, identify recurring themes, and critically evaluate policy outcomes within a broader conceptual framework (Johnston, 2017).

3.2 Conceptual Framework

The analytical framework guiding this study integrates **Entrepreneurial Ecosystem Theory** (Isenberg, 2011; Stam, 2015) with **Institutional Theory** (North, 1990).

The framework assumes that the effectiveness of rural entrepreneurship programmes depends on the interaction between institutional support and entrepreneurial capability.

Within the context of SVEP, the principal institutional components include:

- Community institutions (Kudumbashree).
- Business mentoring through Micro Enterprise Consultants (MECs).
- Financial inclusion and credit facilitation.
- Entrepreneurship development and capacity building.
- Local self-government institutions.
- Market linkage and business advisory services.

These institutional inputs are expected to influence entrepreneurial outcomes such as enterprise creation, business sustainability, employment generation, income enhancement, women's economic empowerment, and ultimately inclusive rural growth.

3.3 Objectives

1. Examine the role of the Startup Village Entrepreneurship Programme in promoting rural entrepreneurship in Kerala.
2. Assess how community-based institutional support influences enterprise development under SVEP.
3. Analyse the contribution of SVEP to employment generation, women's economic empowerment, and inclusive growth.
4. Identify the major challenges affecting the sustainability and competitiveness of rural enterprises supported under the programme.
5. Suggest policy recommendations for strengthening entrepreneurship ecosystems in rural Kerala.

IV. Results and Discussion

4.1 SVEP and the Evolution of Rural Entrepreneurship in Kerala

The evidence indicates that the Start-Up Village Entrepreneurship Programme (SVEP) has contributed to a gradual shift in Kerala's rural development strategy from wage-based livelihood support towards enterprise-led economic development. Unlike conventional self-employment programmes that primarily focus on providing financial assistance, SVEP attempts to create an enabling ecosystem by combining enterprise identification, business planning, mentoring, access to finance, and continuous handholding. This ecosystem-based approach reflects the growing recognition that entrepreneurship is sustained not merely through credit availability but through institutional support and continuous capacity building.

Kerala's implementation is particularly noteworthy because SVEP was integrated into the existing Kudumbashree institutional framework rather than being introduced as a stand-alone programme. This convergence enabled the programme to utilise well-established community networks for entrepreneur identification, mobilisation, mentoring, and monitoring. The Micro Enterprise Consultant (MEC) model, originally developed through Kudumbashree, later became an important component of the national SVEP framework, demonstrating how local institutional innovations can influence national policy design.

From an Entrepreneurial Ecosystem perspective, this institutional arrangement significantly reduced several barriers commonly experienced by first-generation entrepreneurs. Access to community mentors, peer learning opportunities, and locally available business advisory services reduced information asymmetry while increasing entrepreneurs' confidence during the early stages of business development. These findings support Isenberg's (2011) argument that entrepreneurship flourishes when multiple institutional actors operate in a coordinated manner rather than functioning independently.

4.2 Community Institutions as Catalysts for Enterprise Development

One of the most distinctive features of Kerala's entrepreneurship model is the central role played by community institutions. Kudumbashree functions not only as a poverty alleviation mission but also as a platform for entrepreneurship promotion, financial inclusion, leadership development, and local governance. Its three-tier organisational structure enables continuous interaction between entrepreneurs, local governments, financial institutions, and business support agencies.

The programme's reliance on Community Resource Persons for Enterprise Promotion (CRP-EPs) and Micro Enterprise Consultants further strengthens this institutional ecosystem. Unlike conventional extension workers, these community professionals are selected from within local communities, allowing them to understand local markets, cultural contexts, and entrepreneurial challenges more effectively. Their proximity to entrepreneurs improves trust, facilitates knowledge sharing, and enables continuous post-establishment support.

This institutional model also reinforces North's Institutional Theory, which argues that informal institutions—including trust, social networks, and community norms—play an equally important role alongside formal policies in shaping economic behaviour. In Kerala, social capital generated through Kudumbashree complements formal entrepreneurship policies by reducing uncertainty and encouraging collective learning among first-generation entrepreneurs.

4.3 Women's Entrepreneurship and Inclusive Growth

Perhaps the most significant contribution of SVEP in Kerala lies in its promotion of women's entrepreneurship. Because implementation is closely linked to Kudumbashree's women-centred community network, the programme has expanded entrepreneurial opportunities for women who previously had limited access to formal business support systems.

The programme contributes to inclusive growth in multiple ways. At the household level, enterprise income supplements family earnings and reduces dependence on seasonal employment. At the community level, new enterprises generate local employment, stimulate demand for locally produced goods and services, and strengthen rural economic activity. More importantly, entrepreneurship enhances women's participation in financial decision-making, leadership, and community institutions, extending programme benefits beyond purely economic outcomes.

Official programme reports indicate that Kudumbashree-supported SVEP initiatives have promoted large numbers of rural enterprises across participating states while maintaining a strong focus on women entrepreneurs and economically vulnerable households. These outcomes suggest that entrepreneurship programmes can contribute simultaneously to poverty reduction, gender inclusion, and local economic development when supported by strong institutional mechanisms.

Nevertheless, enterprise ownership alone should not be considered sufficient evidence of empowerment. Sustainable empowerment depends on enterprise profitability, business continuity, market competitiveness, and the entrepreneur's ability to expand operations over time. Future policy evaluation should therefore move beyond counting enterprises and incorporate indicators of enterprise performance and long-term resilience.

4.4 Persistent Challenges

Despite its achievements, several structural challenges continue to affect the long-term sustainability of rural enterprises under SVEP.

The first challenge concerns **market access**. Many rural enterprises continue to rely on local demand, limiting opportunities for business expansion. Weak branding, inadequate packaging, limited digital marketing, and insufficient integration with wider value chains reduce the competitiveness of rural enterprises.

Second, **digital capability** remains uneven. Although digital technologies increasingly influence business operations, many first-generation entrepreneurs require additional support in e-commerce, digital payments, online customer engagement, and social media marketing. Strengthening digital entrepreneurship should therefore become a priority for future programme expansion.

Third, **post-establishment mentoring** requires further strengthening. While entrepreneurs receive intensive support during enterprise creation, many businesses encounter operational challenges after the initial incubation period. Continuous mentoring, business diagnostics, and advanced management training are necessary to improve enterprise survival and facilitate business growth.

Finally, stronger convergence between local governments, financial institutions, marketing agencies, and private-sector organisations would improve access to technology, finance, and larger markets. Such partnerships are essential if rural enterprises are to transition from subsistence-level activities to competitive and growth-oriented businesses.

4.5 Policy Implications

The findings suggest several policy implications for strengthening rural entrepreneurship in Kerala and elsewhere.

First, entrepreneurship promotion should increasingly focus on **ecosystem development** rather than isolated financial assistance. Continuous mentoring, business incubation, networking, and market facilitation should become integral components of entrepreneurship policy.

Second, the **Kudumbashree model** demonstrates that community-based institutions can significantly strengthen programme implementation. States seeking to replicate SVEP should invest in developing community cadres capable of providing sustained business advisory services rather than relying exclusively on external consultants.

Third, **digital transformation** should become a strategic priority. Digital literacy, e-commerce adoption, enterprise management software, and online marketing can substantially improve the competitiveness of rural enterprises.

Finally, future entrepreneurship policies should emphasise **enterprise quality rather than enterprise quantity**. Success should be measured using indicators such as enterprise survival, profitability, employment generation, innovation, and business expansion instead of merely counting the number of enterprises established.

Overall, Kerala's experience demonstrates that rural entrepreneurship programmes achieve greater developmental impact when they combine institutional support, community participation, and continuous capacity building. The integration of SVEP with Kudumbashree has created an enabling environment that extends beyond enterprise creation and contributes to broader objectives of inclusive growth, women's empowerment, and local economic resilience. However, sustaining these achievements will require greater attention to market integration, innovation, digital capability, and long-term enterprise competitiveness.

V. Conclusion

This study examined the contribution of the Start-Up Village Entrepreneurship Programme (SVEP) to rural enterprise development and inclusive growth in Kerala through the lens of Entrepreneurial Ecosystem Theory and Institutional Theory. The review demonstrates that SVEP represents a significant shift in India's rural development policy by moving beyond conventional self-employment schemes towards an ecosystem-based model of entrepreneurship promotion. Rather than viewing enterprise creation as a one-time intervention, the programme recognises entrepreneurship as a continuous process requiring institutional support, business mentoring, financial inclusion, and market facilitation.

Kerala provides a particularly important context for understanding the potential of this approach. The integration of SVEP with Kudumbashree has enabled the programme to build upon an already well-established network of community institutions, thereby strengthening enterprise identification, entrepreneurial training, peer learning, and post-establishment support. Recent evidence also indicates that Kudumbashree continues to expand enterprise promotion, facilitating the creation of thousands of new micro-enterprises annually while providing training, financial assistance, and marketing support to women entrepreneurs.

The findings suggest that the programme's contribution extends beyond enterprise formation. Community-based institutional support has improved access to entrepreneurial opportunities for women and economically vulnerable households while encouraging local employment generation and livelihood diversification. These outcomes reinforce the argument that entrepreneurship contributes to inclusive growth when embedded within supportive institutional ecosystems rather than relying solely on financial incentives. In Kerala, the interaction between Kudumbashree, local self-government institutions, financial systems, and community resource persons has created an enabling environment that reduces many of the barriers faced by first-generation rural entrepreneurs.

Despite these achievements, the review also identifies several persistent challenges. Enterprise sustainability remains uneven across sectors, with many entrepreneurs encountering constraints related to market access, digital capability, product innovation, branding, and business expansion. Existing evaluations frequently emphasise enterprise creation and beneficiary participation, while comparatively less attention has been given to long-term business performance, competitiveness, and innovation. These findings indicate that future entrepreneurship policies should place greater emphasis on enterprise quality and resilience rather than simply increasing the number of enterprises established.

From a theoretical perspective, this study contributes to the rural entrepreneurship literature by integrating Entrepreneurial Ecosystem Theory with Institutional Theory to explain how formal policies and informal community institutions jointly influence entrepreneurial outcomes. While Entrepreneurial Ecosystem Theory highlights the importance of coordinated institutional support, Institutional Theory demonstrates how trust, social capital, and community participation shape entrepreneurial behaviour in rural settings. Combining these perspectives provides a richer understanding of why Kerala's institutional model has generated relatively favourable outcomes and why similar programmes may produce different results in other regions.

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