Entrepreneurship development in rural areas is increasingly seen as a promising alternative to traditional economic development. The Micro, Small and Medium manufacturing enterprises play an imperative role in the rural economy. They have a major share of contribution towards Gross Domestic Product (GDP) through 45 per cent manufacturing output, 40 per cent exports and 69 per cent employment. Apart from economic aspects, the social role of these enterprises have also been quite significant for achieving the objectives such as removal of poverty, reduction in income inequality, wealth, consumption standard and regional imbalances (Uma Pujar, 2014; Dipanjan Chakmabtory and Barman, 2014). However, the survival and growth of rural Micro, Small and Medium manufacturing enterprises have greatly depended on the dynamic business environment in which it operates. Hence, the study presents a review of the literature on Micro, Small and Medium manufacturing enterprises incepted in rural areas and stated that rural entrepreneurship is a distinct area of
entrepreneurship research and practice, with abundant opportunities for balanced regional development.

**Keywords:** Rural entrepreneurship, Micro, Small and Medium Enterprises (MSMEs), Economic development, Regional development.

**INTRODUCTION**

India is predominantly a rural country. The share of total workforce is high in agricultural sector. The volatility in agriculture has resulted in migration of people from rural areas to urban areas in search of better employment and income opportunities to improve their standard of living. To control this rural-urban migration and to improve the socio economic conditions of rural population in the country, there is a need to empower the rural economy by creating rural employment opportunities. In this context, as a catalyst of socio-economic transformation, Rural Entrepreneurship plays an imperative role in exploiting the productive resources and promoting regionally dispersed industrial development in the economy. Around 60 per cent of Micro, Small and Medium manufacturing enterprises are located in rural areas producing more than 8000 products, thereby contributing 45 per cent to total manufacturing output and 40 per cent to exports. The Micro, Small and Medium manufacturing enterprises gains the highest share by contributing 69 per cent to employment in India next to agricultural sector (Last all India MSME census 2006-2007).

The success of any business firm or a manufacturing enterprise depends upon the adaptability of the environmental factors within which it functions and the extent to which the environmental factors contribute for the development of manufacturing enterprises. The development of manufacturing enterprises is influenced by two main factors, namely, internal environmental and external environmental factors. The internal environmental factors are the key resources of a firm such as financial, human resources, production and marketing which have a direct influence on firms’ performance and also play a vital role in determining the success of a firm. The external environmental factors, namely, micro environmental and macro environmental factors consist of customers, suppliers, competitors, intermediaries, political, legal, socio-cultural, technological etc., have a direct or indirect bearing on the functioning of manufacturing enterprises. In this context, an understanding of the prevailing business environment within which the rural Micro, Small and Medium manufacturing enterprises operate and the factors influencing their performance is highly significant.
Table 1: Classification of Micro, Small and Medium Enterprises (MSME)

<table>
<thead>
<tr>
<th>Type of Enterprises</th>
<th>Manufacturing Enterprises (in terms of gross investment in plant and machinery)</th>
<th>Service Enterprises (in terms of gross investment in equipment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro Enterprises</td>
<td>Does not exceed twenty five lakh rupees</td>
<td>Does not exceed ten lakh rupees</td>
</tr>
<tr>
<td>Small Enterprises</td>
<td>More than twenty five lakh rupees but does not exceed five crore rupees</td>
<td>More than ten lakh rupees but does not exceed two crore rupees</td>
</tr>
<tr>
<td>Medium Enterprises</td>
<td>More than five crore rupees but does not exceed ten crore rupees</td>
<td>More than two crore rupees but does not exceed five core rupees</td>
</tr>
</tbody>
</table>

(Source: dcmsme.gov.in)

REVIEW OF LITERATURE

It presents the review of both conceptual and empirical studies conducted by various researchers in the area of Micro, Small and Medium Enterprises (MSME), Rural entrepreneurship, Firm characteristics, Motivational factors, Internal and External Environmental factors influencing the Firms’ performance, classified as Indian and International studies and have been arranged in chronological order.

INDIAN REVIEWS

MSME

Abdul Naser (2013) has critically evaluated the contributions made by MSMEs to the balanced growth of the economy. He has used secondary data for the study and has collected from various sources, especially from the annual reports published by the Ministry of Micro, Small and Medium Enterprises for several years. The study has found that the MSMEs contributions have been considerably high in the balanced economic growth. It has helped to open four million job opportunities in a year and there by employing semi-skilled and unskilled rural people, which has increased the living and economical standard of rural India. The study has also found that the contribution of MSMEs to the nation’s total GDP, Export, Industrial productions have been more than 90 percent of the total industrial units and 55 percent of these units have been operating in rural areas. Finally, the study concludes that the MSME sectors have contributed greatly to the overall balanced growth of the Indian economy. Mukund Chandra Mehta (2013) has discussed about the Challenges and Opportunities in Micro, Small and Medium Enterprises in India. The study has found that the MSMEs have played a significant role in the economic growth of India. Unfortunately, the sector has not been given sufficient support by the concerned Government Departments,
Banks, Financial Institutions and Corporate. This has pulled down the MSMEs from their path of growth. The study has also exposed the fact that less capital intensive, more employment generation, balanced regional development, export promotion, financial assistance and subsidies from the Government are the available opportunities available for the MSME entrepreneurs. Srinivas (2013) has conducted a study on “The Role of Micro, Small and Medium Enterprises in Inclusive Growth”. He has used the secondary data and has identified the performance of Indian MSMEs from the various annual reports of MSME. The results of the study have revealed that in terms of value, the sector accounts for about 45 per cent of the manufacturing output, 40 per cent of the total exports of the country and have employed about 595 lakh persons in over 261 lakh enterprises throughout the country. Further, this sector has consistently registered a higher growth rate than the rest of the industrial sector and has notified that, the contribution of MSMEs to Indian GDP has been progressively increasing. Finally, the study has concluded that the support provided by the national and the state Governments to MSMEs have not adequate enough to solve their problems. Uma Pujar (2014) has conducted a study on “MSMEs and Employment in India: An analytical study”. She has used the secondary data collected from the journals, SIDBI Annual reports, MSME Act and Five year plans. The study has identified the role of MSME sectors in generating employment in India. The study has found that the Micro enterprises with 94.94 per cent have been the most dominant segment in terms of number of enterprises. Under the type of activity based, the Manufacturing enterprises dominate in terms of number of enterprises and employment when compared with repair and maintenances and service activities. The study concludes that the MSMEs labour intensive industries require less capital, which helps to eradicate socio-economic problems, namely, unemployment, underemployment, poverty and regional imbalances.

**Business Environmental Factors**

Muthuraj and Murugesan (2010) have identified the factors influencing entrepreneurs to set up industrial units and its impact on the performance in managerial fields such as finance, personnel, production and marketing. They have taken a sample of 120 units representing various industrial entrepreneurs by using stratified random sampling considering two variables namely, type of industry and number of persons employed. The primary data has been collected personally by interviewing the entrepreneurs through a detailed questionnaire. Statistical tools such as ANOVA, multiple classification analysis (MCA),
unweighted linear regression (ULG) and chi-square analysis have been applied to test the significance of the results. The study has found that the nature of the industry, investment level, education, experience and parental occupation have a significant influence on the growth, efficiency and development of the entrepreneur in the various managerial fields. In achieving the overall performance, the study has found that the entrepreneurs belonging to the high level investment group, with experienced, having parental industrial experience have performed well in Pondicherry. Deepti Bhargava (2012) has examined the individual small business association with success factor. Exploratory research design has been used in the study. She has taken a sample of 95 entrepreneurs by using random sampling technique. Questionnaire has been administered to different rural entrepreneurs of the area undertaken for the study. She has applied the statistical tools, namely, percentages and chi-square to analyse the data. The findings of the study have revealed that business category has no impact on annual income but has a significant relationship between type of business and investment. The study has also found out that, there exists a significant relationship between business category and training programmes attended, raw material, distribution channels agent, export of product, financial support and assistance provided by Government. Finally, the study has concluded that the rural entrepreneurs have no knowledge about training programmes offered. Only few respondents have joined some training programmes such as Entrepreneurship Development Programme and have been benefited. Nazleen Nur Ain Zulkurnain, Fatin Izzati Khairushalimi, Nurul Hafizah Azizan and Sabri Ahmad (2014) have assessed the factors affecting the business performance of women entrepreneurs in Small and Medium Enterprises (SMEs). They have adopted a survey method to collect the primary data through questionnaire. They have taken a sample of 100 entrepreneurs selected by using simple random sampling technique. Multiple Analysis of Variance has been applied to examine the economic, social, legal and administrative factors and in which business performance has significantly differed among three business sectors (1: Trade, 2: Production, 3: Services). The results of the study have revealed that there exists a significant difference in economic factor, social factor and business performance. The result of the path analysis has implied that only social factor has a significant influence on the business performance of women entrepreneurs in SMEs. Rakesh (2014) has examined the role of PEST analysis for the sustainability of SMEs. He has taken the major factors such as Political, Economic, Socio-cultural and Technology which
influences the Micro, Small and Medium Enterprises (MSMEs) based on the different area of operations. The study has revealed that the four macro environmental factors have a significant impact on the survival of the MSMEs in growth prospects. These factors have posed external threats to the firm and have offered immense opportunities. The study has finally concluded that the PEST external factor analysis has helped the MSMEs to list out the number of opportunities available and the threats caused the major damages to their business units. **Golakh Kumar Behera and Shaswati Das** (2018) have identified the factors constraining the growth and survival of MSMEs in the state Odisha. The data have been collected from secondary source Government of Odisha, Ministry of Micro, Small and Medium Enterprises (MSMEs). The study is based on quantitative method. Multiple regression analysis has been applied as the major Statistical tool to compare the performance of MSMEs sector during study period. The result has shown that capital investment is more influencing to MSMEs units than number of employees.

INTERNATIONAL REVIEWS

Business environmental factors

**Abd Azis Muthalib, Harafah, Muh. Yani Balaka and Rostin** (2014) have investigated the impact of entrepreneurship on increasing business performance and poverty reduction in micro business industrial sector. They have taken a sample of 100 enterprises by using proportionate random sampling technique. They have conducted an interview schedule to collect the primary data. The data has been analyzed by using hierarchical regression analyses. The results of the study have indicated that entrepreneurship has a significant relationship (t-value = 17.071; p-value = 0.000) and has explained 74.60 per cent of the variations in business performance. The result has also indicated that entrepreneurship towards poverty has also a significant relationship and has explained 58.4 per cent of the variations in business performance. **Adeusi and Aluko** (2014) have assessed the role of Government in promoting small scale businesses in Kogi State, with particular inclination to Kabba/Bunu Local Government Area in Kogi State. They have employed a qualitative approach, a descriptive survey research design to generate primary data. They have taken a sample of 40 small scale business owners by using random sampling method and has distributed questionnaire to the respondents. Regression analysis and Analysis of Variance (ANOVA) method have been applied to analyse the data. The results of the study have shown
that the Government initiatives related to entrepreneurship development has a significant and positive influence on the performance of small scale businesses. Government’s fiscal policy towards taxation has a positive effect but insignificant for the small scale business. Agbolade Obasan (2014) has ascertained the nature of the relationship between business environment and the survival of small and medium scale businesses in Nigeria. He has employed structured questionnaire to collect the primary data from the respondents. He has taken a sample of 80 small scale businessmen and women operators who have been operating for at least three years in Ijebu North Local Government area, (Ogun State) South-West Nigeria by using random sampling technique. The results of the study have indicated that competition, inflationary trend, technological changes, Government policy, infrastructural facilities accessibility, changing consumer behaviour and income are the barriers to business growth and survival. Aluisius Hery Pratono and Rosli Mahmood (2014) have analysed the moderating effect of environmental turbulence on the relationship among firm performance, entrepreneurial orientation, entrepreneurial management, and social capital. The study has employed quantitative method with cross-section design. They have taken a sample of 390 SMEs owner managers by using random sampling techniques and have distributed questionnaire to collect the primary response. PLS (Partial Least Square) method has used to test the hypothesis. The findings of the study have shown that social capital plays a pivotal role on firm performance. The study has also shown that environmental turbulence dampens the positive impact of social capital on firm performance. Under low environmental turbulence, social capital has a positive impact on firm performance and has shown a negative impact on firm performance during high environmental turbulence. In addition, the study has also shown that both entrepreneurial orientation and entrepreneurial management have no significant impact on firm performance, which is almost unexplored in the context of SMEs. Farhad Lashgarara and Faezeh Ghashghaei (2014) have conducted a study on “Identifying the Factors affecting the Development of Rural Women Entrepreneurship in Tehran”. They have included all the 63 women entrepreneurs in Tehran province by census method and have distributed questionnaires to collect the perspectives of rural women entrepreneurs in business. Conceptual framework has framed taking entrepreneurship as dependent variable and economic, socio - cultural, educational, and legal and policy making factors as independent variables affecting the business success. Regression has been applied to analyse the data. The study has indicated that three variables such as educational,
economic and social-cultural have explained 55 per cent of influence on entrepreneurship development. The study has also found that the education has been the most important variable (approximately 48.2 per cent) have influenced on the development of rural women entrepreneurship. Haftom Haile Abay, Fisseha Girmay Tessema and Araya Hagos Gebreegziabher (2014) have investigated the external factors affecting the growth of MSEs in Indasselassie Town. They have taken a sample of 160 respondents by using random sampling. Interview schedule has conducted to collect the primary data. Binary logistic regression model has employed to test the hypotheses and has analyzed the factors affecting the growth of MSEs. The results of the study have revealed that access to credit from formal financial sources; access to infrastructure and access to working premise have been the significant factors for MSEs growth. The study has also found out that MSEs having access to sufficient infrastructure and access to own working premise have been growing rapidly than those MSEs that has operated with limited access to infrastructure and operating at rented and family working premise. In addition, MSEs that have no access to credit have been rapidly growing than those of MSEs having access to credit. Lawrence lekhanya and Roger Mason (2014) have assessed the influence of various business environment factors, financial and infrastructural factors on rural SME success in South Africa. They have used the descriptive survey research design with cross-sectional in nature. They have taken a sample of 374 respondents by using both Quota sampling and convenience sampling methods. Survey method has used in the study to collect the primary data by distributing questionnaire. They have used the heterogeneous sample where the SME firms have diversified in terms of type of industry, number of years in existence, ownership method and size of business. The sample has split in to dichotomous sample based on the respondents' perception as to whether the business has been growing or declining. To compare these two categories, they have applied the Z test statistical tool for a two sample proportion test to test the significant difference between the more successful and less successful groups for each constructs. The study has found that the financial factor, namely, source of funding, infrastructural factors such as access to electricity and roads and transportation and business environment factors such as lack of skills and labour costs have been the major factors which have a significant influence on the level of success of rural SMEs. Maziku, Petro, Majenga, Annastazia, Mashenene and Galan Robert (2014) have assessed the effects of Socio-Cultural Factors (SCFs) on the performance of women Small and Medium Enterprises (SMEs). The study has
conducted in Chamwino districts, Dodoma region. They have employed a case study research design which has cross-section in nature. They have taken a sample of 80 women SMEs by using proportionate stratified sampling technique. The study has additionally employed four case studies of selected women owner-managers and has collected in-depth information such as entrepreneur’s history, challenges and motivation to start business. Descriptive statistics and binary logistic model have applied to analyse the data. The findings of the study have shown that women immobility, poor support from society members and ethnicity have negatively prevented the performance of women SMEs. The study has also identified that family roles, level of education and role models are the important factors in nurturing the performance of women SMEs. Finally, the study has concluded that Socio-Cultural Factors have a negative significant effect on the performance of women SMEs. 

Mbugua Stephen Kamunge, Agnes Njeru, and Ondabu Ibrahim Tirimba (2014) have established the factors affecting the performance of small and micro enterprises (SMEs) traders at Limuru town market in Kiambu County, Kenya. They have employed a descriptive research design in the study. They have taken a sample size of 161 respondents by using stratified sampling technique. Statistical tools such as frequency counts, percentages, arithmetic means, modes, multivariate regression analysis and ANOVA have been applied to analyse the data. The results of the study have revealed that access to finance and availability of management experience are the key socio-economic factors which have affected the business performance in Limuru Town Market. The study has also revealed that the other key factors such as access to business information, access to infrastructure and Government policy and regulations have positively affected the businesses in Limuru Town Market. 

Asma Benzazoua Bouazza et.al (2015) have examined the factors influencing the growth rate of small and medium-sized Enterprises (SMEs) in Algeria. The study has identified the Business environmental factors such as legal and regulatory framework, access to external financing, human resource capacities and SMEs internal factors such as entrepreneurial characteristics, management capacities, marketing skills, and technological capacities have been contributing to the SMEs growth. The study has revealed that the Algerian SMEs are hampered by several factors, which may differ from region to region within the country between rural and urban areas, between sectors or between individual enterprises within a sector. The results of the study have shown that unfair competition from the informal sector, cumbersome and costly bureaucratic procedures, burdensome laws, policies, and regulations, an inefficient tax system, a lack of access to
industrial real estate, a lack of access to external financing, and low human resources capacities are the key business environmental factors affecting Algerian SMEs. On the other hand, entrepreneurial characteristics, low managerial capacities, lack of marketing skills and low technological capacities are the major internal factors responsible for the unstable and limited growth of SMEs in Algeria. Elez Osmani and Ylvije Borici Kraja (2015) have analyzed the role of the external factors and the internal factors such as tangible and intangible assets in competitive advantage. They have taken a sample of 460 respondents from different small and medium enterprises of the Northern region of Albania. Exploratory factor analysis with varimax rotation has been applied to determine the latent structure among variables that has inter-correlated. 57.45 per cent, 56.41 per cent and 64.77 per cent of total variance have been explained by external, internal and competitive advantage components. Multiple regression analysis has been applied to determine the impact of the external environment and internal environment in the creation of the competitive advantage. The results of the study have indicated that independent variables have explained 38.9 per cent of the variance of the dependent variable competitive advantage (R2 adjusted=0.389). Finally the study has concluded that external environment has a greater impact on the competitive advantage. Florence Mbiti, Joseph Mung’atu and Dorothy Kyalo (2015) have examined the influence of socio-cultural factors on the growth of the women owned micro and small enterprises (MSEs) in rural areas of Kitui County. They have measured the business growth using the parameters such as sales turnover, the number of employees in the enterprise and the profitability levels. They have also measured the Socio-cultural factor such as traditions, beliefs, attitudes and values of the people, networks and associations, roles of women and type of business started by women in Kitui County. They have adopted a descriptive survey and an interview schedule has conducted from a sample of 390 women owned micro and small entrepreneurs drawn from manufacturing, agriculture, commerce, and services sectors in Kitui County by using Proportionate stratified sampling and simple random sampling methods. They have applied Statistical tools like Frequencies, percentages analysis, mean, standard deviation and the inferential statistics to analyse the data. The results of the study have revealed that the performance of the business has affected by traditions, beliefs and community practices. Hence, the study has found out that, the social and cultural factors have a strong influence on the growth of the women owned MSEs in Kitui County. The study has finally concluded that local traditions, customs, values, attitudes
and hierarchies have exerted a strong influence on women-owned MSEs, but on contrast majority of women in the rural areas of Kitui County are separated themselves from these factors. Mark, John and Nwaiwu, and Johnson (2015) have investigated the impact of political environment on business performance of multinational companies in Nigeria. The population of the study has consisted of quoted manufacturing companies in Nigeria. About twenty-seven (27) of such companies have been identified in the study and the necessary data has sourced from the Nigerian Stock Exchange Fact Book of 2012 and the World Development Indicators of World Bank Group. They have measured the Political environment as the degree of political stability and the absence of violence, the business performance has been measured by the profitability of the companies for the period 1999-2013. The data has analyzes by using the regression model. The findings of the study have shown that the political environment has a negative significant impact on business performance of multinational companies in Nigeria. Muhammad Abrar-ul-haq, Mohd Razani Mohd Jali and Gazi Md Nurul Islam (2015) have analyzed the factors affecting the Small and Medium Enterprises (SMEs) development in Pakistan. They have conducted an interview schedule with a structured questionnaire to collect the primary data. They have taken a sample of 124 respondents based on random sampling technique. Descriptive statistics and regression analysis have been applied to analyse the data. The study has identified the factors namely, Government support; managerial skills, technology, marketing challenges, financial access and education are contributing for the promotion of SMEs development. The results of the study have shown that financial access, managerial skills and Government support have been the most important factors contributing to SMEs development in Pakistan. The results of the study have also indicated that the SMEs in Pakistan are not technology oriented.

Nwekpa Kenneth Chukwum and Ewans Chukwum (2015) have examined the effect of the economic environmental factors on the small scale business performance in Nigeria. Secondary data has been collected from Central Bank of Nigeria Statistical Bulletin and Federal Office of Statistics for the period of 1970-2013. They have applied regression models of which Ordinary Least Square (OLS) has formed the basis for estimation. The study has revealed that high Inflation rate, Exchange rate, Government Tax Revenue, External Finances and Interest rate have a significant effect on the performance of small scale businesses in Nigeria. Sofyan Indris and Ina Primiana (2015) have analysed the influence
of internal and external environment analysis on the performance of small and medium industries (SMEs) in Indonesia. They have employed the secondary source and have collected the data from the books, articles and thesis. In hypothesis testing, the results of the study have shown that internal and external environment analysis has a significant positive effect on the performance of small and medium industries (SMEs) in Indonesia. Ontorael Rizal, Suhadak and Mawardi Mukhammad Kholid (2017), have analyzed and explained the influence of external environmental factors on internal environmental factors, along with the influence of external and internal environmental factors on business performance. The study was an explanatory research using the questionnaire as the primary data. The data have been collected from owners/managers of the enterprises. The total sample of the study was 108 respondents of MSMEs in the sector of food and beverage, registered in the Office of Cooperatives, SMEs, Industries, and Trades of Batu City. The results of the study have revealed that external environmental factors have a positive and significant influence on internal environmental factors. Similarly, external and internal environmental factors also have a positive and significant influence on business performance.

**Conclusion**

From the above discussion and findings it has been found that there has been an enormous literature present on Micro, Small and Medium manufacturing enterprises and the factors influencing its performance. Researchers throughout the world have carried out an intensive research in the whole Indian and in international context in general and in the study area in particular. The review of literature have highlighted that the contribution of the MSME sector in rural areas increases the standard of living of the rural people, increases the employment opportunities, increases the per capita income and GDP growth rate and has contribute for the enhancement of balanced regional development. The internal factors namely, production, finance, marketing etc and the external environmental factors namely, micro and macro environmental factors have been influencing the performance of Micro, Small and Medium manufacturing enterprises. Hence, the study has concluded both internal and external environmental factors along with enterprise characteristics have influenced the performance of Micro, Small and Medium Manufacturing enterprises.
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