

Festival to Fortune
Empowering Rural Livelihoods

Festivals create vital market opportunities for rural enterprises by driving demand for traditional, eco-friendly goods. This enables entrepreneurs and self-help groups to leveragé local resources, generate non-farm income, and strengthen livelihoods. Supported by policy initiatives, digital access, affordable finance, and market linkages, enterprises can combine traditional skills with innovation to turn seasonal demand into sustainable businesses and contribute to inclusive rural development.

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Festivals in India are more than occasions for celebration; they also act as seasonal catalysts for economic activity. For a few weeks every year, demand rises sharply for products such as diyas, idols, colours, decorations, handicrafts, gifts and puja articles. This demand creates income opportunities across the value chain, benefiting farmers, artisans, small manufacturers, traders and transporters.

For rural India, the opportunity is particularly significant. Many festival products can be made using locally available materials and traditional skills. Clay, flowers, seeds, agricultural residue and natural fibres can serve as inputs for products with market value. At the same time, changing consumer preferences are creating demand for products that are natural, biodegradable, reusable or locally made.

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This recurring economic activity offers opportunities for rural enterprise, livelihood diversification and local value addition. The challenge is to ensure that seasonal increases in demand help create businesses that remain financially viable and resilient throughout the year.

When Festivals Create New Rural Markets

The rural economy has traditionally depended heavily on agriculture. However, non-farm enterprises are increasingly important for creating local employment and additional sources of income. The Periodic Labour Force Survey (PLFS) Annual Report 2025 highlights the importance of self-employment in rural India. According to the report, around 70 per cent of rural female workers were self-employed in 2025. This category includes own-account workers, employers and contributing family workers across industries.

For these enterprises, one of the biggest challenges is finding a market. Producing something locally is only the first step. A business becomes viable when customers are willing to buy its products and when that demand can be converted into repeat sales. Small enterprises, producer groups and self-help groups (SHGs) therefore play an important role in the rural economy. Festivals can offer them a predictable market—something many new businesses struggle to find.

A rural producer group that makes diyas, for instance, does not have to create an entirely new consumption habit. The market already exists. The same applies to natural colours during Holi; idols and decorations during Ganesh Chaturthi and Durga Puja; and handicrafts and traditional foods during various festive occasions. A concentrated demand cycle can give small producers an opportunity to test products, understand pricing, build a customer base and generate income without having to compete for attention throughout the year.

Changing consumption patterns add another dimension to this opportunity. Consumers are increasingly paying attention to the materials used in products and the waste they generate. This creates space for rural producers who can combine traditional knowledge with sustainable designs and materials.

The opportunity is evident in the way local resources are being converted into marketable products. In different parts of India, rural women and small enterprises have used locally available materials to create products such as eco-friendly diyas, seed-based items, natural colours and terracotta products. These alternatives add value to local resources and create income-generating activities.

How Festivals Fuel Rural Startups

- Supports rural entrepreneurship and self-help groups (SHGs)
- Creates local employment and additional income sources
- Encourages sustainable and responsible consumption
- Builds skills and capabilities that are useful beyond the festival season

Turning Local Resources into Rural Enterprise

The strength of these enterprises lies in their ability to use resources that are already available locally. Where raw materials are readily available, some production processes can be carried out with modest equipment and at relatively low cost. Another advantage is that these products are linked to an established seasonal market.

Examples of this approach can be seen in several parts of the country. In Maharashtra, soil from the Bor region has been used to make eco-friendly Ganesha idols designed to dissolve in water and containing Tulsi seeds. The initiative demonstrates how an agricultural resource can be turned into a festive product while creating livelihood opportunities for rural women. In Jharkhand, women associated with rural livelihood programmes have produced herbal gulal using flowers and other natural materials. Such initiatives show how local resources and traditional knowledge can be adapted to meet seasonal consumer demand.

These examples illustrate different stages of rural enterprise development. Some activities begin within SHGs, while others evolve into specialised enterprises and reach wider markets. They demonstrate a basic economic principle: a locally available resource can

acquire greater value when it is converted into a product that meets a specific market demand.

The commercial opportunity does not necessarily end with the festival. A product developed for a particular occasion can help build capabilities that are useful elsewhere, including sourcing raw materials, organising production, maintaining quality, packaging, pricing, selling and fulfilling orders. These are basic business capabilities, but for a new enterprise, the first successful sales cycle can provide valuable market validation.

Government support is important in helping such activities move beyond isolated initiatives. Under the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM), 90.90 lakh SHGs had been formed by December 2025, covering 10.05 crore rural poor households. Under the Start-up Village Entrepreneurship Programme (SVEP), an enterprise-promotion sub-scheme under DAY-NRLM, 5.88 lakh enterprises had been supported by December 2025.

The government has also recognised that production without market access has limited value. SARAS Melas, SARAS Aajeevika stores and the eSARAS digital platform are designed to connect SHG products with consumers. In 2025–26, four national-level SARAS Melas reportedly recorded cumulative sales of ₹35.73 crore.

Protecting Rural Enterprises from Financial Risks

The emergence of festival-based rural enterprises is encouraging. But there is a significant gap between making a product and building a business. The enterprise needs working capital, packaging, storage, transportation, quality control, branding and access to customers. It must be able to produce enough when demand rises and manage inventory when the season ends. But more importantly, it must know how to manage risks that are associated with all enterprises, big and small.

This is also where formalisation becomes important. As an enterprise grows, its financial needs change. It may require larger working-capital limits, machinery, storage space, transport and employees. As of March 2026, more than 7.9 crore MSMEs and informal micro enterprises had been registered through the Udyam and Udyam Assist platforms. The MSME ecosystem also includes credit guarantees intended to improve access to finance for micro and small enterprises.

But access to finance is only one part of the problem. The ability to withstand a financial shock is equally important.

Small rural enterprises are often more vulnerable to disruptions because they operate with limited working capital and small financial buffers. A delay in payment,








sudden rise in input costs, loss of inventory, equipment damage, fire, theft or disruption in transport can affect their ability to complete an order. Seasonality can make this vulnerability greater. A festival enterprise may have only a short window in which to sell its products. If stock is damaged or production is disrupted just before Diwali or Holi, there may be little time to recover the lost opportunity.

The broader MSME experience reflects these challenges. The Ministry of MSME notes that small businesses continue to face challenges related to access to credit, technology and markets, infrastructure bottlenecks and delayed payments. It also recognises the impact of disruptions on liquidity, inventory and supply chains.

Of businesses and household savings

For rural enterprises, resilience therefore needs to become part of business planning from the beginning. Working capital, formal banking relationships and proper financial records are important. So is protection against risks that could otherwise wipe out years of work. As a small activity becomes a formal enterprise, the value of its stock, equipment, premises and business relationships also grows. At the same time, the business is often closely connected to the household that owns it. Business and household savings may also overlap. This makes a disruption particularly difficult to absorb.

For a small enterprise, losing a production unit, machinery or inventory can cost much more than the value of the damaged asset. The business may also lose income while operations are suspended. Depending on the nature of the enterprise, insurance can help protect against risks such as fire, property damage, employee accidents, health emergencies and certain business liabilities.

IRDAI's guidance for small and medium enterprises recognises a range of such covers, including fire and allied perils, machinery and electronic equipment damage, employee-related risks, public liability and other exposures. This becomes even more relevant as rural enterprises grow and begin employing people beyond the family. The entrepreneur is no longer protecting only a household income. There are employees, suppliers and customers, who all depend on the enterprise's ability to continue its operation. Financial resilience is therefore not about avoiding risk. Entrepreneurship will always involve risk. It is about ensuring that one unexpected event does not undo years of work.

Festival economy an important part of the rural enterprise story

The financial ecosystem around rural enterprises is also expanding. In January 2026, the Ministry of Rural Development and Department of Posts signed an agreement to strengthen financial services, logistics and market access for SHGs, women entrepreneurs, rural enterprises and MSMEs. The partnership includes access to savings, deposits, insurance and pension products, as well as support for packaging, logistics and market access through the postal network.

The festival economy can become an important part of this larger rural enterprise story. Its potential lies in replacing conventional products with sustainable alternatives. It also lies in creating local value chains, generating non-farm income, strengthening women-led enterprises and connecting rural producers with wider markets.

The next step is to ensure that a good festive season does not remain a one-time opportunity. With better skills, design, branding, digital access, market linkages, affordable finance and appropriate risk protection, small rural enterprises can move from seasonal production to more stable businesses. ❑