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Role of E-Commerce in Promoting Rural Entrepreneurship in India: Opportunities, Challenges and Emerging Prospects

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Abstract

Rural entrepreneurship plays a significant role in promoting employment generation, income diversification, poverty reduction and inclusive economic development in India. Traditionally, rural entrepreneurs have faced several challenges, including limited market access, inadequate infrastructure, financial constraints, lack of marketing facilities and dependence on intermediaries. The rapid expansion of digital technology and electronic commerce (e-commerce) has created new opportunities for rural entrepreneurs to overcome geographical and market-related barriers.

The present study examines the role of e-commerce in promoting rural entrepreneurship in India, with particular reference to the developments and initiatives available up to 2024. It analyses how digital marketplaces, online payment systems, social commerce, government-supported digital platforms and the Open Network for Digital Commerce (ONDC) are creating new opportunities for rural businesses. Special attention is given to rural women entrepreneurs, Self-Help Groups (SHGs), Micro, Small and Medium Enterprises (MSMEs), artisans, agricultural producers and traditional rural industries.

The study is based on secondary data collected from government reports, official publications, policy documents and relevant academic literature. The findings suggest that e-commerce can improve market accessibility, reduce geographical limitations, facilitate direct interaction with consumers and create opportunities for business expansion. Government initiatives such as Digital India, ONDC, Government e-Marketplace (GeM), e-SARAS and the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM) have contributed to the development of the rural digital commerce ecosystem.

However, inadequate digital literacy, poor internet connectivity, logistics-related difficulties, financial limitations, quality standardisation and cybersecurity concerns continue to restrict the participation of rural entrepreneurs in digital markets. The study concludes that e-commerce can become an important instrument of rural economic transformation if supported by digital infrastructure, financial inclusion, entrepreneurship training, effective logistics and appropriate institutional support.

Keywords: E-Commerce, Rural Entrepreneurship, Digital Marketing, Rural Development, Self-Help Groups, MSMEs, ONDC, Digital India, Women Entrepreneurship, Financial Inclusion.

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1. Introduction

India is a country where a considerable proportion of the population lives in rural areas and depends on agriculture, small-scale industries, traditional occupations, handicrafts, livestock and other economic activities for their livelihood. Rural entrepreneurship is an important instrument for generating employment, reducing regional economic disparities and promoting sustainable rural development.

Traditionally, rural entrepreneurs have operated within limited geographical markets. Their business activities have often been restricted by inadequate transportation, insufficient marketing facilities, lack of financial resources and dependence on intermediaries. As a result, many rural producers have found it difficult to sell their products beyond local markets.

The emergence of Information and Communication Technology (ICT), internet connectivity, smartphones and digital payment systems has significantly changed the business environment. Electronic commerce, commonly known as e-commerce, has introduced new opportunities for rural entrepreneurs to market and sell their products through digital platforms.

E-commerce refers to the buying and selling of goods and services through electronic networks, particularly the internet. It enables businesses to display products, communicate with customers, receive orders, process payments and arrange deliveries through digital channels.

In the Indian context, platforms such as Amazon, Flipkart, Meesho, GeM and ONDC have expanded the possibilities of digital commerce. Government initiatives have also encouraged rural entrepreneurs, particularly women-led Self-Help Groups and small producers, to participate in online markets.

The Ministry of Rural Development reported in February 2024 that the Government had developed the SARAS Collection on GeM and entered into partnerships with platforms such as Flipkart, Amazon and Meesho to promote the marketing of products made by women Self-Help Groups. The e-SARAS portal and application were also introduced for online marketing of SHG products (Ministry of Rural Development, 2024).

Thus, e-commerce is increasingly becoming an important mechanism for connecting rural production with wider consumer markets.

2. Statement of the Research Problem

Rural entrepreneurship in India has considerable potential, but rural business owners continue to face structural and institutional challenges.

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Many rural entrepreneurs produce agricultural goods, handicrafts, textiles, food products, traditional items and other locally manufactured goods. However, their access to wider markets remains limited because of inadequate marketing infrastructure, transportation difficulties, lack of digital knowledge and financial constraints.

Although e-commerce offers opportunities to overcome these barriers, its benefits are not equally accessible to all rural entrepreneurs. Several small businesses lack the technical knowledge, digital infrastructure and financial resources required to operate successfully in online marketplaces.

Furthermore, online businesses involve additional challenges relating to packaging, product photography, logistics, digital payments, customer service, returns and consumer protection.

The central research problem of the present study is to examine how e-commerce can contribute to the development of rural entrepreneurship in India and identify the factors that influence its adoption and effectiveness.

The study also investigates whether government-supported digital initiatives can reduce the gap between rural producers and national consumer markets.

3. Objectives of the Study

The major objectives of the study are:

1. To examine the concept and significance of rural entrepreneurship in India.
2. To analyse the role of e-commerce in promoting rural business activities.
3. To study the opportunities created by digital marketplaces for rural entrepreneurs.
4. To examine the contribution of e-commerce to women-led Self-Help Groups and rural MSMEs.
5. To analyse the role of government initiatives such as Digital India, ONDC, GeM and e-SARAS.
6. To identify the major challenges faced by rural entrepreneurs in adopting e-commerce.
7. To suggest measures for improving digital market access and promoting sustainable rural entrepreneurship.

4. Research Questions

The study attempts to address the following research questions:

1. How does e-commerce contribute to the growth of rural entrepreneurship in India?
2. What opportunities do digital marketplaces create for rural entrepreneurs?
3. How does e-commerce support women entrepreneurs and Self-Help Groups?
4. What is the role of government initiatives in connecting rural producers with wider markets?
5. What are the major barriers to e-commerce adoption in rural areas?
6. What measures can improve the participation of rural entrepreneurs in digital commerce?

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5. Research Gap

Existing literature on rural entrepreneurship has primarily focused on employment generation, microfinance, Self-Help Groups, agricultural development, rural industries and government-supported livelihood programmes.

Similarly, research on e-commerce has extensively examined online consumer behaviour, digital marketing, payment systems and the growth of online retail businesses.

However, there is a need for more integrated analysis of the relationship between e-commerce and rural entrepreneurship, particularly in the Indian context.

The following research gaps have been identified:

1. Rural market accessibility: There is a need to examine how digital marketplaces enable rural producers to access consumers beyond their immediate geographical locations.

2. Women-led entrepreneurship: Further analysis is required regarding the role of e-commerce in improving the economic participation and market access of rural women associated with Self-Help Groups.

3. Traditional industries and handicrafts: The digital marketing potential of traditional rural products, handicrafts, textiles and locally manufactured goods requires greater attention.

4. Digital infrastructure: There is a need to study the relationship between internet connectivity, digital literacy and the adoption of e-commerce by rural businesses.

5. Government-supported digital platforms: The emerging role of ONDC, GeM and e-SARAS in creating opportunities for small rural producers requires integrated examination.

6. Business sustainability: Greater attention is needed to the long-term commercial viability of rural businesses using online marketplaces, including their costs, logistics, customer retention and profitability.

The present study attempts to address these gaps by examining e-commerce as an instrument of rural entrepreneurship, focusing on market access, institutional support, women empowerment and digital inclusion.

6. Research Methodology

The present research paper adopts a descriptive and analytical research methodology.

6.1 Nature of the Study

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The study is qualitative and descriptive in nature. It analyses the contribution of e-commerce to rural entrepreneurship in India, particularly during the period up to December 2024.

6.2 Sources of Data

The research is based on secondary data collected from:

- Ministry of Rural Development publications.
- Ministry of Commerce and Industry reports.
- Ministry of Electronics and Information Technology publications.
- Economic Survey of India 2023–24.
- Reserve Bank of India publications.
- Reports concerning ONDC and GeM.
- Research papers, academic journals and books.
- Reports relating to rural entrepreneurship and digital inclusion.

6.3 Method of Analysis

The collected information is analysed through descriptive interpretation and thematic analysis. The study examines the relationship between e-commerce adoption and rural entrepreneurial development under the following dimensions:

1. Market accessibility.
2. Employment generation.
3. Women empowerment.
4. Digital financial inclusion.
5. Business expansion.
6. Rural economic diversification.

6.4 Scope and Limitations

The geographical scope of the study covers rural India. The analysis focuses on the developments and policy initiatives available up to 31 December 2024.

The study is based on secondary data and does not involve a primary field survey. Therefore, it does not claim to establish a statistically measured causal relationship between e-commerce adoption and rural business profitability.

7. Conceptual Understanding of Rural Entrepreneurship and E-Commerce

7.1 Meaning of Rural Entrepreneurship

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Rural entrepreneurship refers to the establishment and operation of business activities in rural areas by individuals, groups or organisations. It involves the utilisation of local resources, traditional knowledge, skills, agricultural products and human capital to generate income and employment.

Examples include:

- Agricultural processing units.
- Dairy and livestock businesses.
- Handloom and handicraft enterprises.
- Rural food-processing units.
- Village-based manufacturing.
- Women-led Self-Help Group enterprises.
- Rural retail and service businesses.

Rural entrepreneurship helps diversify rural income sources and reduces excessive dependence on agriculture.

7.2 Meaning of E-Commerce

E-commerce refers to commercial transactions conducted through electronic networks.

It enables businesses to market products, receive orders, communicate with customers and complete transactions without requiring a physical interaction between buyers and sellers.

Major forms of e-commerce relevant to rural entrepreneurship include:

Business-to-Consumer (B2C): Rural businesses sell products directly to individual customers through online platforms.

Business-to-Business (B2B): Rural producers and manufacturers supply products to wholesalers, retailers and other businesses.

Consumer-to-Consumer (C2C): Individuals sell products directly to other consumers through digital marketplaces.

Social Commerce: Entrepreneurs promote and sell products through social media and messaging platforms.

7.3 Relationship between E-Commerce and Rural Entrepreneurship

E-commerce creates a connection between rural production centres and national or international consumer markets.

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For example, a rural artisan producing traditional handicrafts can display products on an online marketplace and receive orders from consumers located in metropolitan cities.

Similarly, a women-led Self-Help Group producing pickles, papad, spices or handmade products can use digital platforms to increase product visibility and expand its customer base.

Thus, e-commerce can transform rural businesses from locally restricted economic activities into enterprises with wider market opportunities.

8. Role of E-Commerce in Promoting Rural Entrepreneurship

8.1 Expansion of Market Access

One of the most important contributions of e-commerce is the expansion of market access.

Traditionally, rural entrepreneurs have depended on local markets, village fairs, wholesalers and intermediaries. These channels often limit their ability to reach distant consumers.

E-commerce enables rural producers to display their products online and connect with customers across different geographical regions.

For example, a handicraft producer in Rajasthan can market traditional products to customers in Delhi, Mumbai, Bengaluru and other cities through digital marketplaces.

This wider market access can increase business opportunities and reduce dependence on local demand.

8.2 Reduction in Dependence on Intermediaries

Rural producers frequently depend on intermediaries to market their products. Multiple intermediaries may reduce the share of the final selling price received by producers.

Digital marketplaces can facilitate more direct connections between producers and consumers.

This may help rural entrepreneurs improve their understanding of customer preferences, product demand and market prices.

However, e-commerce platforms also charge commissions or other fees in some business models. Therefore, the actual financial benefit depends on the platform's pricing structure, logistics expenses and other transaction costs.

8.3 Promotion of Women Entrepreneurship

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Women entrepreneurship is an important component of rural economic development.

In India, Self-Help Groups have contributed to women's participation in savings, credit, production and income-generating activities.

E-commerce provides opportunities for women-led enterprises to market products such as:

- Handicrafts.
- Embroidery and textiles.
- Pickles and papad.
- Spices and food products.
- Handmade decorative items.
- Traditional clothing and accessories.

The Ministry of Rural Development's initiatives involving SARAS Collection, e-SARAS and partnerships with private online marketplaces demonstrate the importance of digital commerce in promoting women-led rural enterprises.

The February 2024 government announcement specifically highlighted the onboarding and marketing of SHG products through different digital platforms (Ministry of Rural Development, 2024).

8.4 Development of Rural MSMEs

Micro, Small and Medium Enterprises are important contributors to employment generation and economic development.

Many rural MSMEs operate in food processing, textiles, handicrafts, manufacturing and other non-agricultural activities.

E-commerce can help these businesses:

1. Reach customers beyond local markets.
2. Promote products at relatively low entry costs.
3. Develop brand recognition.
4. Collect customer feedback.
5. Identify market trends.
6. Establish business relationships with larger buyers.

The Government e-Marketplace (GeM) also provides a digital procurement channel through which eligible rural businesses and small enterprises can participate in government procurement, subject to applicable registration and procurement requirements.

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8.5 Promotion of Agricultural Entrepreneurship

Agriculture remains an important source of rural livelihood in India.

However, agricultural producers often face difficulties in obtaining suitable prices, accessing wider markets and establishing direct business relationships.

Digital commerce can create opportunities for:

- Farmer Producer Organisations (FPOs).
- Agricultural cooperatives.
- Food-processing enterprises.
- Organic product businesses.
- Dairy and livestock enterprises.
- Rural agri-start-ups.

E-commerce can also help agricultural entrepreneurs promote value-added products such as processed foods, spices, honey, pickles and other regionally produced items.

However, agricultural e-commerce requires reliable storage, quality control, packaging and transportation facilities.

8.6 Promotion of Traditional Handicrafts and Rural Industries

India has a rich tradition of handicrafts, handloom products, pottery, embroidery, wooden crafts and other traditional industries.

Many rural artisans possess specialised skills but lack access to organised markets.

E-commerce provides opportunities to display traditional products to wider audiences.

For example, rural artisans in Rajasthan can promote:

- Blue pottery.
- Traditional textiles.
- Embroidery.
- Wooden handicrafts.
- Decorative products.
- Handmade jewellery.
- Leather craft products.

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Digital platforms can improve product visibility and provide opportunities to develop regional and national brands.

8.7 Digital Payments and Financial Inclusion

Digital payments are an important component of e-commerce.

UPI, mobile banking, internet banking and other digital payment systems facilitate online financial transactions.

For rural entrepreneurs, digital payments can provide several benefits:

- Faster payment processing.
- Digital transaction records.
- Improved financial transparency.
- Easier reconciliation of business accounts.
- Reduced dependence on cash transactions.

Digital transaction records may also help entrepreneurs maintain business documentation and demonstrate their transaction history when applying for formal financial services.

Nevertheless, digital financial literacy and cybersecurity awareness are necessary to ensure safe transactions.

8.8 Employment Generation and Skill Development

The expansion of e-commerce creates employment opportunities in several rural economic activities.

These include:

- Product manufacturing.
- Packaging and labelling.
- Digital marketing.
- Product photography.
- Order processing.
- Warehousing.
- Transportation and delivery.
- Customer support.

Furthermore, rural entrepreneurs may acquire new skills in digital marketing, online communication, financial management and customer relationship management.

Consequently, e-commerce can contribute to the development of a broader rural entrepreneurial ecosystem.

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9. Major Government Initiatives Supporting E-Commerce and Rural Entrepreneurship in India (2024 Perspective)

9.1 Digital India Programme

The Digital India Programme aims to transform India into a digitally empowered society and knowledge economy.

Its focus on digital infrastructure, digital services and digital literacy provides an important foundation for the adoption of e-commerce in rural areas.

Improved internet connectivity and access to digital services can enable rural entrepreneurs to participate in online business activities.

9.2 Open Network for Digital Commerce (ONDC)

The Open Network for Digital Commerce was introduced to develop an open and interoperable digital commerce ecosystem.

Unlike conventional platform-dependent models, ONDC is based on open protocols that allow buyers and sellers to interact through different participating applications.

It aims to reduce entry barriers and provide opportunities for small businesses to participate in digital commerce.

According to government information released in January 2024, ONDC sellers and service providers were present in more than 616 cities. The initiative was also supported by Common Service Centres to facilitate wider participation in digital commerce (Ministry of Commerce and Industry, 2024).

The Reserve Bank of India's Annual Report 2023–24 also discussed ONDC's potential to democratise digital commerce and reduce platform dependence.

9.3 Government e-Marketplace (GeM)

GeM is an online public procurement platform established by the Government of India.

It provides registered sellers and service providers with opportunities to offer goods and services to government departments and public sector organisations.

The SARAS Collection on GeM is particularly relevant to rural entrepreneurship because it facilitates the marketing of products manufactured by women Self-Help Groups.

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This initiative can help eligible rural producers access institutional buyers beyond traditional local markets.

9.4 e-SARAS Initiative

The Ministry of Rural Development introduced the e-SARAS portal and application to promote the online marketing of products manufactured by Self-Help Groups.

The initiative aims to improve the market visibility of products made by rural women and provide them with access to wider consumer markets.

Products such as handicrafts, food items, textiles and other locally manufactured goods can be promoted through this platform.

The initiative represents an important example of linking rural livelihood programmes with digital commerce.

9.5 Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM)

DAY-NRLM promotes rural livelihoods through the organisation of rural poor households into Self-Help Groups and their federations.

The mission supports financial inclusion, capacity building, skill development and livelihood diversification.

Its linkage with digital marketplaces can help rural women entrepreneurs transform small-scale production activities into organised business enterprises.

9.6 Digital Financial Infrastructure

UPI and other digital financial services have made electronic payments more accessible.

For rural businesses participating in e-commerce, digital payment systems can facilitate faster transactions and improve financial record-keeping.

The expansion of digital financial infrastructure therefore supports the wider adoption of online business models.

10. Empirical Evidence and Important Developments up to 2024

The following evidence illustrates the expansion of digital commerce and the increasing institutional support for rural entrepreneurship.

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Indicator	Evidence / Development	Source
ONDC geographical coverage	More than 616 cities as of January 2024	Ministry of Commerce and Industry
ONDC seller participation	More than 7.64 lakh sellers/service providers as of January 2025, reflecting participation recorded by the end of December 2024	Government of India
ONDC transaction activity	More than 154.4 million cumulative orders through December 2024	Government of India
Rural women's digital marketing	SARAS Collection, e-SARAS and platform partnerships	Ministry of Rural Development, February 2024
Rural enterprise internet adoption	Digital commerce supported by increasing access to internet and digital services	Economic Survey 2023–24

The ONDC transaction and seller figures are based on the position at the end of 2024, as reported in a government release in January 2025. They are included to describe the 2024 reference period rather than developments occurring in 2025 (Ministry of Commerce and Industry, 2025).

These developments indicate that digital commerce infrastructure was expanding and that government-supported initiatives were increasingly focused on connecting small businesses with online markets.

However, the number of sellers registered on a platform should not automatically be interpreted as the number of successful rural entrepreneurs. Registration, active selling, revenue generation and long-term business sustainability are different indicators.

11. Opportunities Created by E-Commerce for Rural Entrepreneurs

The major opportunities can be summarised as follows:

Area	Opportunities
Market Access	Access to national and wider consumer markets
Women Entrepreneurship	Promotion of SHG products and women-led enterprises
Agriculture	Marketing of agricultural and processed products
Handicrafts	Promotion of traditional and regional products
MSMEs	Business expansion and brand development

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Digital Payments	Faster transactions and financial record-keeping
Employment	Opportunities in packaging, logistics and digital services
Financial Inclusion	Better transaction records and potential access to formal finance
Skill Development	Digital marketing and business management skills
Innovation	Development of new products and online business models

12. Challenges Faced by Rural Entrepreneurs in Adopting E-Commerce

Despite its potential, the adoption of e-commerce in rural India faces several challenges.

12.1 Digital Literacy

Many rural entrepreneurs lack the technical knowledge required to operate online marketplaces, manage digital payments and handle online customer communication.

12.2 Internet Connectivity

Unreliable internet connectivity and inadequate digital infrastructure can restrict the participation of entrepreneurs in online business activities.

12.3 Financial Constraints

Small entrepreneurs often lack the financial resources needed for product photography, packaging, digital marketing, platform participation and technology-related investments.

12.4 Logistics and Transportation

Transportation, warehousing, delivery and return management create additional difficulties for rural enterprises.

12.5 Quality Standardisation

Products manufactured by rural entrepreneurs may require standardised packaging, labelling, quality certification and product descriptions before being sold through organised digital marketplaces.

12.6 Competition

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Rural producers may face competition from large manufacturers and established online sellers who possess greater financial and marketing resources.

12.7 Cybersecurity and Digital Fraud

Online businesses may be exposed to phishing, fraudulent payment requests, identity theft and other cybersecurity threats.

12.8 Lack of Awareness

Many rural entrepreneurs remain unaware of available government-supported digital marketplaces, financial assistance programmes and online marketing opportunities.

13. Suggestions for Promoting Rural Entrepreneurship through E-Commerce

Based on the analysis, the following recommendations are proposed:

1. **Digital Literacy Programmes:** Regular training should be organised to educate rural entrepreneurs about online marketplaces, digital payments and cybersecurity.
2. **Strengthening Internet Infrastructure:** Reliable broadband and mobile connectivity should be ensured in rural and remote areas.
3. **Financial Assistance:** Affordable credit and financial support should be made available for packaging, branding, digital marketing and technology adoption.
4. **Common Service Centres:** CSCs should be utilised to provide assistance in seller registration, product uploading, digital payments and online order management.
5. **Women Entrepreneurship:** Self-Help Groups should receive specialised training in digital marketing, product development and online customer management.
6. **Logistics Support:** Affordable transportation, warehousing and delivery services should be developed in rural areas.
7. **Product Standardisation:** Training should be provided in packaging, quality control, labelling and product presentation.
8. **Promotion of Local Products:** Traditional handicrafts, regional food products, textiles and agricultural goods should be promoted through organised digital marketing campaigns.
9. **ONDC Awareness:** Rural entrepreneurs should be informed about the opportunities available through ONDC and other interoperable digital commerce networks.
10. **Institutional Collaboration:** Universities, banks, government departments, NGOs and private e-commerce companies should work together to strengthen rural entrepreneurship.

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14. Conclusion

E-commerce has emerged as an important instrument for promoting rural entrepreneurship in India. It provides opportunities to overcome geographical limitations, improve market accessibility, promote traditional products and connect rural producers with consumers beyond local markets.

The expansion of digital infrastructure, online payment systems and government-supported platforms has created a favourable environment for rural enterprises to participate in the digital economy.

Initiatives such as Digital India, ONDC, GeM, e-SARAS and DAY-NRLM demonstrate the growing institutional recognition of digital commerce as a means of strengthening rural livelihoods.

E-commerce can be particularly beneficial for women-led Self-Help Groups, rural MSMEs, artisans, agricultural entrepreneurs and traditional village industries. By providing access to wider markets, it can support income diversification, business expansion and employment generation.

Nevertheless, the benefits of e-commerce depend on several enabling factors. Digital literacy, internet connectivity, financial assistance, reliable logistics, product quality and cybersecurity must be strengthened to ensure meaningful participation by rural entrepreneurs.

The study concludes that e-commerce should not be viewed merely as an online selling mechanism. It should be understood as an integrated economic opportunity that connects rural production, digital infrastructure, financial services and consumer markets.

For India, the successful integration of rural entrepreneurship with e-commerce can contribute to inclusive economic development, women's empowerment, local employment generation and the transformation of rural economies.

However, long-term success will depend on whether rural entrepreneurs can convert digital market access into sustainable business income, profitability and economic independence.

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