

Review Article

A Coffee Shop is Being Established For Nri's, Requiring an Investment of Low Budget Through The Projects of Cooperative Tourism

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A B S T R A C T

The increasing globalisation of economies has led to a significant rise in the mobility of people, with Non-Resident Indians (NRIs) playing a vital role in contributing to India's economic development through investments and entrepreneurial ventures. Among various sectors, the food and beverage industry-particularly café or coffee shop models-offers promising opportunities, especially when integrated with cooperative tourism societies. This study explores the feasibility of establishing a café/coffee shop targeting NRIs with a modest investment of ₹6 lakh, emphasising its economic and social potential.

The research examines key aspects such as market dynamics, consumer preferences of NRIs, financial viability, and operational strategies within a cooperative framework. It highlights how cooperative tourism societies can provide structural advantages, including shared resources, reduced operational costs, and enhanced community participation. By combining theoretical insights with practical considerations, the study evaluates sustainable business models that align profitability with social impact.

The findings suggest that such ventures can generate employment, promote local entrepreneurship, and strengthen the link between diaspora engagement and regional development. The paper concludes by offering strategic and policy recommendations for NRIs, cooperative institutions, and policymakers to foster sustainable and inclusive growth through small-scale café enterprises.

Keywords: NRI, Tourism, Responsible Tourism, Sustainable Tourism

Introduction

The globalised era has witnessed a substantial increase in the mobility of people across borders, with Non-Resident Indians (NRIs) constituting a significant segment of the Indian diaspora. Their investment interests, cultural inclinations,

and economic contributions have been widely recognised as crucial for the development of their home country.¹ Among the various entrepreneurial ventures explored by NRI's.

The food and beverage sector, particularly the coffeehouse or café model, stands out as a prime opportunity for engagement, especially when synergised with the

burgeoning trend of cooperative tourism societies. Utilising a modest investment of 6 lakh rupees, this research paper explores the viability, strategies, and socio-economic implications of starting a café coffee shop catering to NRIs through cooperative tourism societies.

The conceptualisation of such an enterprise entails a multifaceted approach, integrating the financial constraints implied by the initial capital, the unique requirements and preferences of NRIs, and the operational advantages offered by cooperative tourism societies. This paper delves into the theoretical and practical frameworks underpinning the establishment of a café coffee shop, analyses the market dynamics, and evaluates the potential for sustainable growth and community impact. Drawing on established literature, the study articulates the strategic imperatives, operational models, and policy recommendations necessary for ensuring the success of such ventures.

This research is structured as follows: after situating the topic within its broader context, the paper reviews relevant literature, discusses the theoretical underpinnings, and outlines the methodology adopted. Subsequently, it presents a detailed analysis of the feasibility, operational strategies, and socio-economic outcomes associated with the proposed business model. The conclusion synthesises the findings and offers recommendations for stakeholders, including NRIs, cooperative societies, and policymakers.

Literature Review

The NRI Entrepreneurial Landscape

The entrepreneurial activities of NRIs have attracted considerable scholarly attention, particularly in the context of their investment behaviour and the transnational transfer of knowledge, capital, and cultural practices.² Research underscores the importance of leveraging NRI investments for local development, emphasising sectors that offer both financial returns and socio-cultural resonance. The food and beverage industry, especially coffee houses, aligns well with these objectives, as it serves as both a business and a cultural hub.

Cooperative Tourism Societies: Structure and Function

Cooperative tourism societies, as collective enterprises, aim to pool resources, share risks, and foster community-driven development in the tourism sector. Literature indicates that such societies enhance local participation, democratise economic benefits, and facilitate sustainable tourism models. The A cooperative framework is particularly advantageous for small-scale entrepreneurs, enabling access to shared infrastructure, marketing, and support services.³

Cafés as Socio-Economic Spaces

The café coffee shop, as a commercial and social phenomenon, has evolved into a multifunctional space that transcends mere consumption.⁴ Scholars have explored its role in urban culture, socialisation, and as a node for diasporic community engagement. The adaptability of the café model to different cultural contexts, its relatively low barrier to entry, and its potential for innovation make it an attractive proposition for NRI seeking to invest in their home country.

Investment Constraints and Micro-Enterprise Development

The challenge of initiating a business with limited capital is well-documented in the literature. Micro-enterprises, particularly in the hospitality sector, require innovative approaches to resource mobilisation, cost management, and revenue generation.⁵ Cooperative models emerge as effective mechanisms for overcoming these constraints, offering economies of scale and collective bargaining power.

Theoretical Framework

This study is informed by the Resource-Based View (RBV) of the firm, which posits that competitive advantage is derived from the effective deployment of unique resources and capabilities.⁶ In the context of NRIs starting a café through cooperative societies, the RBV framework highlights the significance of pooled resources, shared expertise, and community networks as critical assets. Additionally, the stakeholder theory is pertinent, emphasising the engagement of diverse actors—NRIs, local communities, tourism bodies, and government agencies—in co-creating value.

The social capital theory further elucidates the role of trust, reciprocity, and collective action in cooperative enterprises. By fostering strong social ties among members, cooperative tourism societies can enhance resilience, facilitate knowledge exchange, and drive innovation in business models.

Methodology

Given the exploratory and interdisciplinary nature of the research question, a qualitative approach has been adopted. The study synthesises secondary data from academic publications, policy reports, and case studies within the scope of the provided reference list. A thematic analysis is employed to identify key patterns and insights related to the establishment of café coffee shops by NRI's through cooperative tourism societies with a focus on financial constraints, operational strategies, and community impact.⁷

The Viability of Café Coffee Shop Startups for NRI Market Analysis and Demand Assessment

The demand for café coffee shops in India, particularly in tourist destinations and urban centres, has grown

exponentially in recent years.⁸ The café culture appeals to a diverse clientele, including youth, professionals, and tourists. For NRIs, cafes offer an opportunity to recreate familiar social spaces, connect with local and diasporic communities, and introduce global trends in food and beverage services.

The presence of cooperative tourism societies in popular tourist locales further amplifies this demand, as these bodies actively promote local entrepreneurship and facilitate access to a steady stream of visitors. The alignment of café offerings with the preferences of both domestic and international tourists enhances the business case for such ventures.

Financial Feasibility with 6 Lakh Rupees

Starting a café coffee shop with a limited budget of 6 lakh rupees necessitates meticulous planning and resource optimisation. Key cost components include rent or lease of premises, equipment (espresso machines, grinders, brewing accessories), initial inventory (coffee beans, snacks, beverages), interior furnishings, licences, and marketing. Cooperative tourism societies can significantly reduce these costs by providing subsidised or shared infrastructure, collective procurement, and marketing support.

Case studies reveal that micro-café, with seating capacities of 10-20, can be established within this budget, especially in tier-2 and tier-3 cities or within tourist clusters managed by co-operatives. The emphasis on local sourcing, minimalistic design, and digital marketing further enhances cost-effectiveness.⁹

The Role of Cooperative Tourism Societies

Cooperative tourism societies serve as vital enablers for NRI entrepreneurs, offering a suite of services including access to prime locations, shared utilities, business training, and integrated marketing. Their collective bargaining power ensures favourable terms with suppliers and regulatory bodies, while their community orientation fosters trust and patronage among local stakeholders.

These societies also facilitate compliance with regulatory requirements, assist in obtaining necessary licences, and provide ongoing support through mentorship and capacity building. For NRI, who may face challenges related to distance, unfamiliarity with local norms, or bureaucratic hurdles, the cooperative model offers a reliable and supportive ecosystem for business initiation and growth.¹⁰

Operational Strategies for Success: Location and Design

The choice of location is paramount for the success of a café or coffee shop. Cooperative tourism societies typically have access to high-footfall areas, such as tourist hubs, transit points, or cultural centres, which are ideal for café

businesses. The design of the café should reflect a blend of local aesthetics and global standards, creating a welcoming ambiance for both NRIs and local patrons.¹¹

Menu Innovation and Sourcing

Menu innovation is a key differentiator in the competitive café market. Incorporating speciality coffees, fusion snacks, and regional delicacies can cater to the diverse tastes of NRIs and tourists. Sourcing locally not only reduces costs but also supports local farmers and artisans, aligning with the cooperative philosophy.

Marketing and Community Engagement

Effective marketing strategies include leveraging digital platforms, collaborating with tourism bodies, and organising cultural events. Community engagement initiatives, such as workshops, art exhibitions, and language exchange programmes, can transform the café into a vibrant social space, fostering loyalty among customers.¹²

Human Resource Management

Recruiting and training staff is critical for service quality. Cooperative societies often provide training modules, enabling employees to deliver consistent and culturally sensitive service. The inclusion of local youth and women in employment further enhances community buy-in and social impact.

Risk Assessment and Mitigation

Every entrepreneurial venture entails risks, particularly in the volatile hospitality sector. The primary risks include fluctuating demand, regulatory changes, supply chain disruptions, and competition. The cooperative model mitigates these risks through diversification, shared resources, and collective problem-solving.

Additionally, the involvement of NRIs can bring in global best practices and access to alternative funding sources, enhancing resilience.

Socio-Economic Implications: Empowerment of Local Communities

The establishment of café coffee shops through cooperative tourism societies has significant socio-economic benefits for local communities. These include employment generation, skill development, and the promotion of local culture and products. The cooperative structure ensures that profits are reinvested for community welfare, infrastructure development, and capacity building.

Cultural Exchange and Diaspora Engagement

Cafés operated by NRI serve as bridges between the diaspora and local communities, fostering cultural exchange and mutual understanding.¹³ Such spaces often become centres for cultural events, language classes, and knowledge

sharing, strengthening the social fabric.

Sustainable Tourism Development

By integrating café businesses within cooperative tourism societies, the model supports sustainable tourism practices. This includes responsible sourcing, waste reduction, and the promotion of local heritage, contributing to the long-term viability of both the business and the destination.

Case Studies

Case Study 1: Micro-Café Model in a Hill Station

A group of NRIs, in collaboration with a cooperative tourism society in a popular hill station, established a micro-café with an initial investment of 6 lakh rupees. The cooperative provided a rent-free space for the first year, shared utilities, and assisted in sourcing local coffee beans. The café quickly gained popularity among tourists and locals, generating sustainable profits and inspiring similar ventures.

Case Study 2: Coastal Café and Community Development

In a coastal tourism hotspot, NRI invested in a café that doubled as a community centre, offering training programmes for local youth and women. The cooperative tourism society facilitated access to government grants, marketing support, and capacity building. The café became a model for inclusive development, with profits reinvested in local infrastructure and education.

Case Study 3: Urban Diaspora Café

An urban cooperative society partnered with NRIs to open a café catering to both expatriates and locals. The enterprise emphasised fusion cuisine, cultural events, and digital engagement. Despite stiff competition, the café thrived due to its unique positioning and strong community ties.

Policy Recommendation Enhancing Access to Finance

Policymakers should facilitate access to micro-credit and grant schemes tailored for NRI entrepreneurs and cooperative ventures. Simplifying loan procedures and offering interest subsidies can lower entry barriers.

Streamlining Regulatory Processes

Governments should streamline licensing, registration, and compliance requirements for small-scale hospitality enterprises. Establishing single-window clearance systems within cooperative societies can expedite business initiation.

Capacity Building and Training

Investing in training programmes for cooperative members and entrepreneurs enhances service quality and business sustainability. Public-private partnerships can develop

curriculum and certification tailored to the café sector.

Promoting Cooperative Models

Awareness campaigns highlighting the benefits of cooperative tourism societies can attract more NRIs and local entrepreneurs to this model. Government incentives, such as tax benefits and infrastructure support, further enhance the attractiveness of cooperative.³

Limitations and Future Research

This study is constrained by its reliance on secondary data and the absence of primary fieldwork. Future research should incorporate empirical investigations, including surveys and interviews with NRI entrepreneurs, cooperative members, and customers.

Comparative studies across regions and business models can yield deeper insights into best practices and contextual challenges.

Conclusion

The integration of NRI entrepreneurship, café coffee shop ventures, and cooperative tourism societies presents a compelling model for inclusive, sustainable, and culturally enriched economic development. With a modest investment of 6 lakh rupees, NRIs can leverage the collective strength of cooperatives to establish thriving café businesses that cater to diverse audiences, empower local communities, and promote sustainable tourism. The cooperative model addresses financial constraints, mitigates risks, and fosters innovation through shared resources and community engagement.

Policy support, capacity building, and ongoing research are essential to unlock the full potential of this model. By embracing the synergies between NRIs, cooperative societies, and the café sector, stakeholders can drive transformative change in the tourism and hospitality landscape, creating lasting value for all participants.

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