

# IMPACT OF PMEGP ON ENTREPRENEURIAL DEVELOPMENT OF TRIBAL BENEFICIARIES OF JHARKHAND

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## Abstract

*The Prime Minister's Employment Generation Programme (PMEGP) is a flagship initiative by the Government of India to promote self-employment and micro-enterprise development, especially among weaker sections like Scheduled Tribes. This study focuses on understanding the impact of PMEGP on the entrepreneurial development of tribal beneficiaries in Jharkhand, a state with a significant tribal population and high unemployment rates. The objective is to assess whether PMEGP has helped tribal individuals start their businesses, become self-reliant, and improve their socio-economic conditions. The research uses a case study method with data collected from different districts of Jharkhand such as Gumla, Khunti, Simdega, and West Singhbhum. Personal interviews, field visits, and official records were used to gather primary data, while government reports and journal articles were reviewed for secondary insights. The study found that PMEGP has created new business opportunities in areas like handicrafts, agro-based processing, tailoring, and small-scale retail among tribal communities. Many beneficiaries reported increased household income, better savings, and more social recognition after receiving support through PMEGP.*

*However, the study also highlights challenges such as lack of training, difficulty in accessing bank loans, delay in subsidy disbursement, and limited marketing support. Most tribal entrepreneurs still face issues related to financial literacy, documentation, and product visibility. Women entrepreneurs, though present, are very few and face greater social hurdles. Despite these limitations, PMEGP has planted the seed of entrepreneurship in many tribal villages, encouraging young people to consider business as a viable career option rather than migrating for daily-wage work. The paper concludes that while PMEGP has made a positive impact, more targeted interventions, capacity-building programs, mentorship, and better financial systems are needed to strengthen tribal entrepreneurship in Jharkhand. The success of the scheme lies not just in financial assistance but in building confidence and resilience among the tribal youth to sustain their businesses and grow.*

**Keywords:-** PMEGP, entrepreneurship, tribal development, Jharkhand, self-employment, government schemes, economic empowerment, micro-enterprise, rural economy, financial inclusion.

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## Introduction

In a developing country like India, unemployment and poverty continue to be major challenges, especially among tribal populations who have historically been marginalized. Jharkhand, with over 26% tribal population, is rich in natural resources but poor in economic development. Many tribal communities in the state face lack of education, poor access to financial institutions, and limited employment opportunities. To address these issues and promote self-employment, the Government of India launched the Prime Minister's Employment Generation Programme (PMEGP) in 2008 under the Ministry of Micro, Small, and Medium Enterprises (MSME). The main aim of the scheme is to provide financial support to aspiring entrepreneurs belonging to socially disadvantaged groups, including Scheduled Tribes, to start micro-enterprises in non-farm sectors. This research explores how PMEGP has impacted the entrepreneurial development of tribal beneficiaries in Jharkhand. It studies the extent to which the scheme has helped create sustainable livelihoods, increased household income, reduced migration, and encouraged self-employment among tribal communities. The scheme provides a subsidy of up to 35% for tribal applicants along with easy access to bank loans, which acts as a major push for starting a business. However, despite these benefits, many tribal entrepreneurs face hurdles related to lack of training, difficulties in documentation, poor digital literacy, and insufficient knowledge about markets. The study is important because entrepreneurship is not just about starting a business, but also about building confidence, using local skills, and becoming economically self-reliant. PMEGP has the potential to create long-term changes by helping tribal individuals shift from being job-seekers to job creators. The tribal communities of Jharkhand have traditional skills in areas like handicrafts, forest produce, bamboo work, and weaving, which can be turned into successful enterprises with the right support. By focusing on the tribal beneficiaries of PMEGP, this paper aims to evaluate the ground-level reality of the scheme, its

achievements, and the challenges that need to be addressed to make tribal entrepreneurship a true engine of inclusive growth in Jharkhand.

The tribal communities of Jharkhand have long depended on agriculture, forest-based activities, and daily wage labor for their livelihood. Despite the state's rich mineral resources and natural beauty, economic development has remained uneven. Poverty, illiteracy, lack of awareness, and marginalization have limited the economic growth of tribal people. To address this gap, the Prime Minister's Employment Generation Programme (PMEGP) has emerged as a key initiative aimed at supporting the tribal population to move towards entrepreneurship and self-reliance. The scheme is implemented through the Khadi and Village Industries Commission (KVIC), State KVIC Directorates, District Industries Centres (DICs), and banks, which together provide financial aid, training, and monitoring support. PMEGP offers a subsidy of 25% to 35% of the project cost to tribal beneficiaries in rural areas and allows loans up to ₹25 lakhs for manufacturing and ₹10 lakhs for service sector units (Kumar and Sinha 47). This financial support, combined with backward and forward linkages like training and marketing, creates a foundation for tribal entrepreneurship. The scheme has supported many micro-enterprises in Jharkhand such as tailoring units, bamboo crafts, honey production, small grocery shops, dairy farming, mobile repair shops, and small eateries. These enterprises not only offer livelihood but also promote skill-based employment in tribal regions.

Many tribal youths who once migrated to urban areas in search of low-paid jobs have now chosen to stay back and start businesses under PMEGP. This reverse migration is an indicator of growing confidence and opportunity at the local level. In Khunti district, for example, several tribal women have started groups producing herbal cosmetics using forest products. Similarly, in Gumla and Simdega, youth have started agro-processing and carpentry units. These ventures, though small, have created ripple effects in terms of employment, self-esteem, and economic participation (Jha and Mishra 33). A key factor that contributes to the success of PMEGP in tribal areas is the inclusion of skill development training. Before releasing funds, beneficiaries are trained in business planning, accounting, marketing, and customer service. This helps them understand how to run an enterprise, manage cash flow, and interact with banks and customers. However, in practice, many tribal beneficiaries do not receive effective training due to language barriers, poor infrastructure, and lack of follow-up. Often, these training programs are conducted in Hindi or English, which is difficult for tribal people who speak local dialects like Mundari, Ho, or Santhali. This gap reduces the effectiveness of the training process (Choudhary 76).

Another major issue is access to formal finance. While the scheme is supposed to provide easy loans through banks, tribal applicants often face problems such as lengthy documentation, hesitation from banks, lack of collateral, and lack of awareness about the process. Many banks are reluctant to provide loans to tribal beneficiaries due to doubts about repayment and poor past experiences. This leads to delay or rejection of applications, which demotivates potential entrepreneurs. In many cases, beneficiaries are forced to rely on middlemen or agents, who charge extra money to "help" with the paperwork (Verma 92). Marketing is another serious challenge. Most tribal products have potential but lack market visibility. Items like bamboo baskets, forest honey, herbal soaps, or handloom items can fetch good prices, but due to lack of branding, packaging, and digital access, they remain restricted to local markets. The absence of e-commerce linkages, exhibitions, or trade fairs reduces the earning potential of these micro-enterprises. For example, a tribal woman from West Singhbhum who produces herbal oil under PMEGP shared that she earns just ₹2,000–3,000 per month because she sells only within her village. With better marketing and digital tools, her income could increase several times (Tudu 45).

Women's participation in PMEGP is gradually increasing, but it still faces many barriers. Social restrictions, fear of failure, limited mobility, and lack of support from families act as roadblocks. In tribal communities, women play a major role in household and farm work, but entrepreneurship is still seen as a male-dominated space. Where women do become entrepreneurs, they often face challenges in balancing work and family, getting respect from local authorities, and accessing financial literacy (Sarkar 57). There is an urgent need to promote women-led enterprises by creating women-only training programs, self-help group (SHG) linkages, and special handholding support. Despite these challenges, the overall impact of PMEGP on tribal entrepreneurship is positive. It has introduced the concept of self-employment in communities where government jobs or migration were once the only options. By encouraging tribal youth to use local resources, PMEGP has promoted inclusive development. It has helped preserve traditional skills and crafts, such as terracotta work, cane furniture, and forest-based products. These businesses are not only income-generating but also eco-friendly and sustainable. In this sense, the scheme contributes to both economic and environmental development (Pandey 112).

The role of District Industries Centres (DICs), KVIC, and NGOs is also crucial in making the scheme work. These institutions must coordinate to conduct awareness camps, provide application support, assist in documentation, and follow up with banks. In many districts of Jharkhand, lack of coordination has been a reason for poor implementation. Several potential entrepreneurs are not aware of the scheme or do not know how to apply. Sometimes, applications get stuck between DIC and bank without communication. Strengthening this system can improve the efficiency of the scheme. Technology can also be a game-changer. With mobile phones and internet access, tribal youth can be trained to use digital platforms for banking, marketing, and learning. Mobile-based applications, videos in local languages, and success stories can inspire and educate young entrepreneurs. However, in many tribal areas of Jharkhand, internet connectivity is still poor,

and smartphones are not available to all. This digital divide must be reduced to allow equal access to opportunity. PMEGP also needs regular monitoring and evaluation. Many units that were started under the scheme have shut down due to lack of support, competition, or poor planning. There should be a system of handholding support for the first two years, during which entrepreneurs can be guided, advised, and helped in solving problems. Peer mentoring, success clubs, and review meetings can create a community of small entrepreneurs who support each other.

In the long term, the vision should be to link PMEGP with other schemes such as Start-Up India, Digital India, and tribal welfare programs. Special focus should be given to create cluster-based industries, where tribal entrepreneurs can work in groups and scale up their businesses. Government and private sector collaboration can also help in marketing, training, and investment. By doing this, entrepreneurship can become a real tool for tribal empowerment. At last, PMEGP has laid a strong foundation for entrepreneurial development among tribal beneficiaries in Jharkhand. While it is not free from problems, its potential for transformation is high. With better training, easier loan access, digital inclusion, and strong monitoring, tribal youth can be turned into job creators who drive sustainable rural development.

The implementation of PMEGP in tribal areas of Jharkhand has brought positive changes, but several ground-level problems have limited its full impact. One of the most visible problems is the lack of awareness about the scheme among tribal populations. In many remote villages, people have never heard of PMEGP or do not understand how it works. Even when awareness camps are held, they are often conducted in Hindi or English, making it difficult for tribal people to understand the benefits, application process, and eligibility criteria. Many interested individuals do not proceed further due to confusion or fear of rejection (Sarkar 58). Documentation is another major barrier. Many tribal people do not have proper documents like PAN card, Aadhaar card, caste certificate, or land papers in their name, which are required for the loan process. Since most tribal lands are collectively held or inherited without formal records, banks hesitate to offer loans without clear collateral or security. Although PMEGP does not require collateral for loans up to ₹10 lakh, bank officials still demand guarantors or land records, creating unnecessary hurdles for poor applicants (Verma 93). As a result, many potential entrepreneurs give up or are forced to go through middlemen who exploit them for money. Training under PMEGP is supposed to empower applicants with basic entrepreneurial skills, but the quality of training is often poor. Training centers are located far from villages, making it difficult for tribal people, especially women, to attend. In some cases, training sessions are rushed, poorly organized, or not suitable to the local context. People trained in tailoring, for instance, may not get any real market in their village. There is often a mismatch between the training provided and the economic environment of the region (Choudhary 77).

Despite these challenges, the scheme has shown promising results. Many tribal youths and women who were once dependent on seasonal labor or had migrated to other states for work have now started small businesses in their villages. In districts like Simdega and Khunti, tribal beneficiaries have opened units for poultry farming, grocery stores, mobile repair, tailoring, and forest product processing. These businesses may be small, but they offer a regular source of income and self-respect. Entrepreneurs report earning between ₹5,000 to ₹15,000 per month, which is a significant improvement over earlier earnings (Kumar and Sinha 49). Another important finding is the role of women entrepreneurs. Though their numbers are still low compared to men, tribal women have shown strong potential in managing small enterprises. In West Singhbhum, a group of tribal women under PMEGP started a bamboo handicraft unit. With basic training and local market access, they now earn enough to support their children's education. Women entrepreneurs reported higher financial discipline, group coordination, and community support. However, they also face gender-based discrimination, limited mobility, and family pressures that restrict business expansion (Tudu 46). PMEGP has also helped revive traditional tribal skills that were losing importance due to modernization. Several entrepreneurs have used local resources such as forest herbs, lac, mahua, honey, and bamboo to start value-added products. These businesses are eco-friendly and culturally connected to tribal identity. However, poor packaging, lack of branding, and limited access to bigger markets reduce their profitability. Products are mostly sold locally, and without digital knowledge, entrepreneurs cannot tap into e-commerce or wider consumer bases. Many tribal beneficiaries expressed the need for marketing support and digital training to grow their businesses (Jha and Mishra 35).

The role of banks and government officials is critical in the success or failure of PMEGP. The study found that many banks are reluctant to approve loans to tribal applicants even when all documents are in place. There is a fear of non-repayment or doubts about business viability. In some cases, applicants were asked for bribes or made to visit the bank multiple times without clear answers. This discourages genuine applicants and reduces the reach of the scheme. On the other hand, in districts where officials are proactive and supportive, the success rate of tribal entrepreneurs is much higher (Pandey 113). Monitoring and follow-up are weak points of the scheme. Once the loan is disbursed, there is little effort to track the performance of the enterprise or to help in problem-solving. Some units shut down within a year due to poor planning, market competition, or personal emergencies. Beneficiaries suggested that regular follow-up, mentoring, and technical help could save many units from failure. Also, a network of local mentors or successful entrepreneurs could be created to guide new beneficiaries during their initial months of business (Choudhary 78). Overall, the findings suggest that PMEGP has great potential to transform the economic landscape of tribal communities in Jharkhand. It provides an opportunity to use local resources, develop traditional skills, and reduce dependence on migration or government jobs.



However, the scheme needs to address several practical issues such as documentation challenges, poor banking support, low-quality training, weak marketing, and inadequate monitoring. With better coordination between KVIC, DICs, banks, and NGOs, the impact of the scheme can be significantly improved. A tribal-focused, culturally sensitive, and locally planned approach will make PMEGP a more powerful tool for inclusive development.

This research is based on the assumption that the Prime Minister's Employment Generation Programme (PMEGP) has a direct and positive impact on the entrepreneurial development of tribal beneficiaries in Jharkhand. The core hypothesis is that when tribal individuals receive proper financial support and basic training under PMEGP, they can create sustainable small businesses that improve their livelihoods, reduce migration, and strengthen the local economy. The research also assumes that if challenges like poor awareness, lack of documentation, and limited marketing support are addressed, the success rate of tribal entrepreneurship will increase significantly. Another part of the hypothesis is that tribal women, if given equal access to resources and training, can become successful entrepreneurs and contribute more actively to family income and community welfare. To test these assumptions, a mixed-methods approach was followed. Both qualitative and quantitative data were collected through surveys, interviews, and observation in selected districts of Jharkhand, including Gumla, Khunti, Simdega, and West Singhbhum. These areas were chosen because they have a high tribal population and have received PMEGP funding in recent years. The study focused on tribal individuals who have received PMEGP support between 2018 and 2023. A sample size of 100 beneficiaries was selected using purposive sampling to ensure diversity in gender, type of business, and location.

A structured questionnaire was prepared, covering aspects like income before and after receiving PMEGP assistance, type of business started, challenges faced during loan processing, quality of training, support from banks and officials, and overall satisfaction with the scheme. The questionnaire was translated into tribal languages where needed to ensure clear understanding. In addition to the survey, in-depth interviews were conducted with 20 tribal entrepreneurs to gain deeper insights into their personal experiences. Local officials, trainers, and bank managers were also interviewed to understand the institutional side of the process (Kumar and Sinha 51).

#### PMEGP Scheme Overview (India Level)

Parameter	Details
Scheme Launched	2008
Total Units Set Up	7.8 lakh+
Total Employmen Generated	65lakh+
Average Employment per unit	4-5 persons
Target Beneficiaries	SC, ST, Women, Rural Entrepreneurs
Implementing Agencies	KVIC, DICs, Coir Board
Ministry	Ministry of Micro, Small and Medium Enterprises
Source	Ministry of MSME Annual Report 2023–24

Secondary data was collected from PMEGP reports of the Khadi and Village Industries Commission (KVIC), District Industries Centres (DICs), and annual performance data from the Ministry of MSME. Research papers, government documents, and case studies related to tribal entrepreneurship and government schemes were also reviewed (Verma 95). The data was analyzed using simple statistical tools like percentage, average, and cross-tabulation. Themes were identified from the qualitative interviews to highlight common patterns, challenges, and success stories. Efforts were made to maintain objectivity by comparing the experiences of successful and unsuccessful entrepreneurs. Ethical considerations such as informed consent, confidentiality, and voluntary participation were strictly followed during data collection. Respondents were assured that their names and identities would not be disclosed in any part of the report. The research

also respected tribal customs and cultural values during field visits, and local facilitators were involved to create a comfortable environment for interaction. This methodology ensures that the research findings are based on real experiences of tribal beneficiaries. It also helps to understand how different factors, financial, social, and institutional, interact in shaping entrepreneurial outcomes in tribal regions. By focusing on lived experiences and analyzing both the positive impacts and limitations of PMEGP, the study aims to offer practical suggestions to improve the scheme and make it more inclusive and effective for tribal communities in Jharkhand.

## Conclusion

The study of the impact of PMEGP on tribal beneficiaries in Jharkhand clearly shows that the scheme has opened new doors of opportunity for many marginalized individuals. It has given tribal people, especially the youth and women, a platform to start their own businesses, earn income, and reduce dependence on daily wage labor or seasonal migration. The scheme has not only helped create jobs but has also encouraged the revival of local skills, promoted self-reliance, and improved the economic condition of several households. Many beneficiaries now feel a sense of dignity and purpose, which was missing before the implementation of PMEGP. The research also brings out several limitations that restrict the full impact of the scheme. Lack of awareness, poor documentation, unsupportive banking systems, and weak follow-up mechanisms continue to be serious obstacles. Training programs are often too generic and disconnected from the ground realities of tribal regions. Without proper guidance, market linkage, and mentoring, many businesses remain small or eventually shut down. Women entrepreneurs, despite showing strong potential, still face more barriers due to social norms and mobility restrictions (Tudu 47). To improve the effectiveness of PMEGP in tribal areas, there is a need for targeted interventions. Awareness drives in tribal languages, simplified documentation processes, tribal-specific training modules, and better coordination between KVIC, banks, and NGOs can bring visible change. The government must also promote digital literacy and provide marketing support to expand the reach of tribal products. A strong monitoring system, local mentorship network, and timely grievance redressal will further strengthen the scheme's outcomes. In conclusion, PMEGP has the potential to become a powerful tool for tribal empowerment and inclusive development if implemented with sensitivity, accountability, and continuous improvement (Pandey 114).

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