
ROLE OF GOVERNMENT SCHEMES IN PROMOTING RURAL STARTUPS – A STUDY

***Dr. M Viswanathan**

Assistant Professor, Commerce, Sri Ramakrishna MissionVidyalaya College of Arts and
Science, Coimbatore,Tamilnadu, India.

Article Received: 8 February 2026

***Corresponding Author: Dr. M Viswanathan**

Article Revised: 28 February 2026

Assistant Professor, Commerce, Sri Ramakrishna MissionVidyalaya College of Arts
and Science, Coimbatore,Tamilnadu, India.

Published on: 20 March 2026

DOI: <https://doi-doi.org/101555/ijrpa.7612>

ABSTRACT

Rural startups are emerging as an important driver of economic growth, employment generation, and poverty reduction in rural areas. The Government of India has introduced several schemes such as the Prime Minister's Employment Generation Programme (PMEGP), Pradhan Mantri Mudra Yojana (PMMY), Start-Up India, and the National Rural Livelihood Mission (NRLM) to support rural entrepreneurship. These initiatives provide financial assistance, skill development, and market support to rural entrepreneurs. This research paper analyzes the role and effectiveness of government schemes in promoting rural startup development and improving socio-economic conditions in rural communities. The study concludes that government initiatives significantly contribute to rural enterprise growth but challenges such as lack of awareness and bureaucratic delays still remain.

KEYWORDS: Start-up ecosystem, Entrepreneurship, Government schemes, Start-up India program, Funding, Market access.

INTRODUCTION

Rural entrepreneurship plays an important role in economic development, employment generation, and poverty reduction in rural areas. The Government of India has introduced many schemes to support rural startups through financial assistance, training, infrastructure, and market support. These schemes encourage rural youth, women, and farmers to start micro and small enterprises. Government initiatives focus on improving financial inclusion, skill development, technology adoption, and access to credit, which help rural entrepreneurs establish sustainable businesses. India has emerged as a global hub for start-ups, with an

estimated 50,000 new start-ups being launched every year. The Indian start-up ecosystem has grown rapidly over the past decade, fueled by a combination of factors such as access to capital, a large domestic market, a young and talented workforce, and a supportive policy environment. However, despite the overall growth of the start-up ecosystem, many start-ups still face significant challenges in terms of funding, market access, and regulatory compliance. To address these challenges and promote entrepreneurship and innovation, the government of India has launched several schemes and initiatives aimed at supporting start-ups. The Start-up India program, launched in 2016, is one such initiative that seeks to create a conducive environment for start-ups in India by providing them with access to funding, mentoring, and other support services. In addition to the Start-up India program, several other schemes and policies have been launched at the state and central levels to promote the growth of start-ups. The impact of these government schemes on the start-up ecosystem in India has been significant. According to a report by Nasscom, the Indian start-up ecosystem is expected to reach a valuation of \$1.5 trillion by 2025, creating over 100 million jobs in the process. Moreover, the number of start-ups in India has grown from around 7,000 in 2008 to over 50,000 in 2021, making India the third-largest start-up ecosystem in the world after the US and China. Despite the overall positive impact of government schemes, start-ups still face several challenges in accessing government support. For example, the process of applying for government support can be cumbersome, and start-ups may not have the necessary resources to navigate the bureaucratic system. Moreover, there may be a lack of awareness among start-ups about the various schemes and initiatives launched by the government. This paper aims to examine the role of government schemes in supporting start-ups in India, with a particular focus on the Start-up India program and other related schemes. The study will analyze the impact of these initiatives on the startup ecosystem, including the number of start-ups established, jobs created, and funding raised. The paper will also discuss the challenges faced by start-ups in accessing government support and make recommendations for improving the effectiveness of these schemes. Overall, the study aims to highlight the crucial role of government schemes in

Literature Review

India has emerged as a global hub for start-ups in recent years, with a growing number of entrepreneurs and investors drawn to the country's large and rapidly expanding domestic market, as well as its highly skilled workforce

(Gupta, 2020). However, despite the overall growth of the start-up ecosystem in India, many start-ups still face significant challenges in terms of funding, market access, and regulatory compliance (Kapur & Johnson, 2021).

To address these challenges, the government of India has launched several schemes and initiatives aimed at supporting start-ups. One of the most prominent of these initiatives is the Start-up India program, launched in 2016 by Prime Minister Narendra Modi (Kulkarni, 2019). The program seeks to create a conducive environment for start-ups in India by providing them with access to funding, mentoring, and other support services. The impact of the Start-up India program and other government schemes on the start-up ecosystem in India has been significant. According to a report by Nasscom, the Indian start-up ecosystem is expected to reach a valuation of \$1.5 trillion

By 2025, creating over 100 million jobs in the process (Nasscom, 2021). Moreover, the number of start-ups in India has grown from around 7,000 in 2008 to over 50,000 in 2021, making India the third-largest start-up ecosystem in the world after the US and China (Gupta, 2020). Several studies have analysed the impact of government schemes on the start-up ecosystem in India. For example, a study by Kulkarni (2019) found that the Start-up India program has helped to create a more favourable environment for start-ups in India by providing them with access to funding and other support services. The study also found that the program has helped to attract more investment to the Indian start-up ecosystem.

Objectives of the Study

1. To analyze the role of government schemes in promoting rural startups.
2. To identify major government schemes supporting rural entrepreneurship.
3. To examine the impact of these schemes on employment generation.
4. To study the challenges faced by rural entrepreneurs in utilizing government schemes.

Prime Minister's Employment Generation Programme (PMEGP)

- Implemented by Khadi and Village Industries Commission (KVIC).
- Provides subsidy-based loans for rural industries.
- Promotes village industries such as handicrafts, food processing, and rural manufacturing.

Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)

- Focuses on skill development and employment for rural youth aged 15–35.
- Helps rural youth gain training and start self-employment or entrepreneurship.

National Rural Livelihood Mission (NRLM)

- Encourages Self-Help Groups (SHGs) to start small enterprises.
- Provides credit, training, and marketing support to rural women entrepreneurs.

Agriculture Infrastructure Fund (AIF)

- Provides financial support for agriculture startups, food processing, and storage infrastructure.

SVAMITVA Scheme

- Uses drone mapping to give property ownership rights in villages, enabling villagers to use property as collateral for business loans.

Rural Startup Promotion by State Governments

For example, in Tamil Nadu, programs like Gramam Thorum Puthozhil promote rural startup communities and provide financial assistance and mentoring for entrepreneurs in villages.

Awareness and Utilization of Government Schemes (Survey Data)

A research study on entrepreneurship schemes shows the following **utilization rates** among rural respondents:

Scheme	Usage Percentage
Mudra Yojana	55%
PMEGP	45%
Stand-Up India	35%
NRLM	30%
State schemes	25%

Role of Government Schemes in Rural Startup Development

1. Financial Support

Government schemes provide **subsidies, grants, and low-interest loans** to rural entrepreneurs, reducing financial barriers.

2. Skill Development

Training programs help rural youth acquire technical, managerial, and entrepreneurial skills.

3. Infrastructure Development

Government investment in roads, electricity, internet, and rural infrastructure helps startups operate efficiently.

4. Market Access

Schemes support entrepreneurs through **exhibitions, marketing platforms, and e-commerce linkages**.

5. Women Empowerment

Many programs focus on **women entrepreneurship through SHGs and microfinance.**

6. Technology and Innovation

Government initiatives promote agritech startups, digital services, and rural innovation.

Challenges in Implementing Government Schemes

1. Lack of awareness among rural people.
2. Difficulty in accessing bank loans.
3. Complex application procedures.
4. Lack of training and entrepreneurial skills.
5. Poor infrastructure in remote villages.

SUGGESTIONS

1. Increase awareness about government schemes in rural areas.
2. Simplify loan and subsidy procedures.
3. Provide entrepreneurship training programs.
4. Improve digital and transport infrastructure.
5. Encourage partnerships between government, banks, and NGOs.

CONCLUSION

Government schemes play a crucial role in promoting rural startups by providing financial assistance, training, infrastructure, and market opportunities. These initiatives contribute to employment generation, rural industrialization, and economic growth, ultimately improving the standard of living in rural communities.