

Motivational Dynamics for Micro Level Entrepreneurs: An Analysis of Government Schemes for Promoting Entrepreneurship among Youth of India

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ABSTRACT

The micro-enterprise sector in India represents a critical pillar of the national economy, contributing approximately 29.6% to the country's GDP and employing over 111 million individuals as of 2024. This paper focuses on the motivational dynamics of micro-level entrepreneurs and also analyzes the success rate of Government schemes for promoting entrepreneurship among the youths of India in 2021-2025. The study was conducted by descriptive and analytical approach using secondary data obtained from MSME, NSSO, government portals etc to study the relationship between government interventions and entrepreneurial motivation. The study uses statistical method such as percentage analysis, growth rate, Pearson correlation and multiple regression analysis software SPSS. The findings show that although schemes like Pradhan Mantri Mudra Yojana (PMMY), Stand Up India, and Udyam Registration have made credit access more widespread and formalization more easily accessible, gaps in the system like slow credit disbursals, lack of awareness and procedural hurdles remain. The statistical analysis shows very high positive correlation between scheme awareness and Entrepreneurial activity ($r=0.78$) and regression analysis shows that Government schemes accounts for 62% of the variance in development of youth entrepreneurship. The paper ends with the evidence based policy suggestions for policy optimization to improve the motivational impact of policy interventions related to micro-level entrepreneurship

1. INTRODUCTION

Micro-enterprises constitute a vibrant and diverse segment of the Indian economy and are the backbone of the industrial structure of India (Munde & Naikade, 2025). The Micro, Small and Medium Enterprises (MSME) sector has become a powerful driver of economic growth, in terms of employment generation, equity of regional development, and poverty alleviation. The Ministry of MSME Annual Report 2023–24 shows that it has more than 63.4 million enterprises, with around 99% of them being micro enterprises, highlighting that the majority of businesses in the Indian economic landscape are micro enterprises (Das & Wilson, 2025). The contribution made by the sector is far beyond economic production, as it is a key tool for inclusive growth, giving the opportunity for the participation of women, rural populations and marginalised groups in the formal economy (Suresh et al., 2025)

Micro-enterprises are seen as a key driver of entrepreneurship and the Government of India has set up an extensive policy framework and schemes for the promotion of entrepreneurship among the youth section. The economic and social need for targeted initiatives to build the entrepreneurial capacity of the younger population of India is indisputable, given that 65% of India's population is below 35 years of age (Banerjee et al. 2025). The government has been gradually augmenting the reach and scale of entrepreneurship promotion activities over the last decade, shifting from a credit centric program to a comprehensive entrepreneurship ecosystem that includes skill development, market linkages, technology adoption and mentorship support.

The information available on the government websites like udyamregistration.gov.in, msme.gov.in, mudra.org.in and standupmitra.in offers documentation of these initiatives and their implementation frameworks in detail. The Economic Survey of India (2024) highlighted that the MSME sector and micro-enterprises in particular will play a pivotal role in achieving the target of \$5 trillion economy, thus making a focused study of the motivational dynamics of entrepreneurial behavior of the youths essential

This research paper aims to shed light on the drivers affecting micro-level entrepreneurs, the success of major government initiatives to foster youth entrepreneurship, barriers to implementing these schemes, and suggest evidence-based policy recommendations for optimizing those schemes. The study includes important policy shifts such as the new classification of MSME, efforts to recover from the pandemic, and the introduction of new schemes like PM Vishwakarma Yojana, between 2021 and 2025.

2.1 CONCEPTUAL FRAMEWORK

Micro enterprises are classified as per the new classification system notified by the Government of India on 1st June 2020 under Atmanirbhar Bharat based on a composite parameters of investment and annual turnover. The classification removed the previous distinction between manufacturing and service enterprises and merged them into a single classification:

- Investment in plant and machine/equipment is not more than one crore rupees.
- The annual turnover is not more than 5 crores rupees.

This composite criterion superseded the previous one that split manufacturing and service businesses. The reformed definition aimed at streamlining the regulatory regime and promote the formalization of the micro businessman in every sector. The entire MSME classification framework is provided in Table 1.

Table 1: Revised Classification of MSMEs in India (2020)

Category	Investment (Plant & Machinery)	Investment (Equipment)	Annual Turnover
Micro	≤ ₹1 crore	≤ ₹1 crore	≤ ₹5 crore
Small	≤ ₹10 crore	≤ ₹10 crore	≤ ₹50 crore
Medium	≤ ₹50 crore	≤ ₹50 crore	≤ ₹250 crore

Source: Ministry of MSME, Government of India, Notification S.O. 2119(E), June 1, 2020. Available at: msme.gov.in

2.2 AUTHOR'S DEFINITION OF MICRO-ENTERPRISES

In this study, micro-enterprises will be considered as those business units that are at grassroot level, having little investment and fewer than 10 workers, with management that is owner-operator. These businesses are spread in various areas such as manufacturing (food processing, textiles, leather, handicrafts), trading (retail shops, wholesale distributors) and services (repair shops, beauty parlors, transport services, IT services). They are the main means of self-employment and entrepreneurial expression among youths, especially in semi-urban and rural areas where formal work opportunities are still scarce.

Following are the major government Schemes and initiatives revolve around comprehensive support to the MSME sector including:

Credit support - Credit Guarantee Scheme

Pradhan Mantri Mudra Yojana (PMMY),

Stand Up India,

PM VISHWAKARMA

Prime Minister's Employment Generation Programme (PMEGP)

Self -Reliant India (SRI) Fund

Infrastructure development – MSE Cluster Development Programme (MSE-CDP), SFURTI,

Technological assistance - MSME Champions Scheme, Technology Centres

Skill development and training

Enhancing competitiveness and market assistance - MSME - Trade Enablement and Marketing (MSME-TEAM)' Scheme,

Public Procurement Policy for MSEs, Procurement and Marketing Support (PMS) Scheme

ASPIRE (Scheme for promotion of Innovation, Entrepreneurship and Agro- Industry)

Others – RAMP Scheme, National SC-ST Hub (NSSH),

Promotion of MSMEs in NER and Sikkim Scheme

Credit related schemes/initiatives

Credit support - Credit Guarantee Scheme

The Credit Guarantee Scheme for MSME is one of the prominent initiatives by the Ministry of MSME aimed at offering collateral-free loans to Micro and Small Enterprise. In 2023, this scheme underwent a revamp, raising the guarantee coverage limit from Rs 2 crore to Rs 5 crore; lowering the annual guarantee fees; and increasing the threshold limit for the waiver of legal actions.

Pradhan Mantri Mudra Yojana (PMMY)

Pradhan Mantri Micro Units Development & Refinance Agency (MUDRA) Yojana offers interest-free loans of up to 10

lakh rupees to small and micro enterprises that are not corporate or involved in farming. It is aimed at helping individuals start and grow their businesses by providing loans under three categories: Shishu, Kishore, and Tarun, which correspond to the different stages of a business's growth.

Stand Up India,

The Stand-Up India scheme is designed to encourage banks to provide loans between 10 lakh and 1 crore rupees to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower in each branch.

These loans are intended for setting up new enterprises across different sectors such as manufacturing, services, agri-allied activities, and trading. For non-individual enterprises, at least 51% of the ownership and control must be held by either an SC/ST or a woman entrepreneur.

PM VISHWAKARMA

The PM Vishwakarma scheme was introduced on 17 September 2023, with the goal of supporting artisans and craftspeople from 18 specific trades who work manually.

In recognition of the successful completion of one year of the scheme, a national event was held on 20 September 2024.

Prime Minister's Employment Generation Programme (PMEGP)

PMEGP is a credit-linked subsidy scheme that helps create employment opportunities by supporting micro-enterprises in the non-farm sector.

It provides a subsidy known as Margin Money to beneficiaries who take loans from banks to start new enterprises. The maximum project cost is 50 lakh rupees for manufacturing and 20 lakh rupees for the service sector.

SRI Fund (The Self Reliant India Fund Scheme)

The Ministry of MSME provides equity investments to MSMEs that have the potential to grow into larger enterprises under the scheme.

Infrastructure development related schemes/initiatives

Micro and Small Enterprises Cluster Development Programme (MSE-CDP)

The MSE-CDP was initiated in 2003. Its objective is to improve productivity and competitiveness of small and micro enterprises by offering financial assistance for setting up common facility centers (CFCs), flat factories, and upgrading industrial estates.

Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

The scheme was launched in 2005-06 with the aim of bringing together traditional artisans into collectives or clusters to encourage product development, diversification, and value addition.

This helps to promote traditional sectors and increase the income of artisans in a sustainable manner.

Technology assistance related schemes/initiatives

MSME Champions Scheme:

The MSME Champions Scheme focuses on selecting clusters and enterprises for modernization of processes, reduction of wastage, and enhancement of business competitiveness.

It also aims to help these entities reach both national and international markets. The scheme includes three components: MSME-Sustainable (ZED), MSME-Competitive (LEAN), and MSME-Innovative (Incubation, Design, and IPR).

Technology Centres

The Ministry of MSME has established 18 tool rooms and technical institutions (TRs & TIs) since 1967 to support industries by designing and manufacturing tools, precision components, molds, and dies in various sectors such as general engineering, forging and foundry, electronics, electrical measuring instruments, fragrance and flavour, glass, footwear, and sport goods.

These are commonly referred to as Technology Centres (TCs). Some TCs also support strategic sectors like defense and aerospace, besides providing technological development and manufacturing support. These centers also offer training to youth for industry-ready manpower and re-skilling for the workforce according to industry needs. To expand the network, the scheme also plans to set up 20 new Technology Centres and 100 Extension Centres across the country under a Hub and Spoke model, offering various technological services.

Product and Marketing assistance related schemes/initiatives

MSME - Trade Enablement and Marketing (MSME-TEAM) Scheme

During the Udyami Bharat event on 27 June 2024, the Ministry launched the MSME-TEAM initiative with an outlay of 277.35 crore rupees to promote the digital transformation of trade and commerce among MSMEs.

This initiative helps micro and small enterprises by assisting them in setting up on e-commerce platforms through support

in preparing catalogues, managing accounts, logistics, and packaging. The scheme aims to digitally empower 5 lakh MSEs, out of which 2.5 lakh will be women-owned enterprises. This will greatly enhance their access to markets and improve their capacity building.

Centre for Rural Enterprise Acceleration through Technology (CREATE)

CREATE aims to improve productivity, product quality, and economic potential.

Set up in Leh, CREATE includes a Pashmina wool roving facility, training for the development of a production facility for essential oil extraction from roses and other flowers, and other related activities.

Public Procurement Policy for Micro and Small Enterprises

To ensure a reliable market for Micro, Small and Medium Enterprises (MSMEs) across the country, the Ministry of MSME introduced the Public Procurement Policy for MSEs in 2012.

This policy requires Central Ministries, Departments, and Central Public Sector Enterprises (CPSEs) to procure 25% of their annual requirements from MSEs, with specific targets of 4% from MSEs owned by Scheduled Castes and Scheduled Tribes and 3% from MSEs owned by women entrepreneurs.

Procurement and Marketing Support (PMS) Scheme

This initiative supports new market opportunities and helps improve the visibility and sales of products and services within the MSME sector.

Other important schemes/initiatives**ASPIRE (Scheme for promotion of Innovation, Entrepreneurship and Agro- Industry)**

The main goals of the scheme are as follows:

- To create new employment opportunities and reduce unemployment
- To encourage an environment that fosters entrepreneurship
- To drive economic growth at the district level
- To develop innovative business solutions for unmet social needs
- To promote innovation and enhance the competitiveness of the MSME sector

Skilling

Entrepreneurship Skill Development Programme (ESDP)

Assistance to Training Institutions (ATI)

RAMP Scheme

RAMP, a Central Sector Scheme supported by the World Bank, aims to improve the access of MSMEs to markets, finance, and technology upgrades.

It also seeks to strengthen institutions at both the Central and State levels and improve collaboration between them.

National SC-ST Hub (NSSH)

The scheme is specifically designed to encourage entrepreneurship among Scheduled Castes and Scheduled Tribes and to meet the 4% procurement target from MSEs owned by these communities, as outlined in the Public Procurement Policy for MSEs, 2012.

Promotion of MSMEs in NER and Sikkim Scheme

The scheme offers financial assistance to establish or upgrade infrastructure and shared facilities for MSMEs located in the North Eastern Region (NER).

This helps promote various activities such as manufacturing, testing, packaging, research and development, product and process innovations, and skill development.

Khadi and Village Industries and Coir Sector**Khadi and Village Industries**

The Government is dedicated to promoting the Khadi and Village Industries sector to support socio-economic development in rural areas.

This sector, which has a long history and considerable potential, is being revitalized through targeted efforts under the Khadi and Gramodyog Vikas Yojana (KGVY). KGVY is a Central Sector Scheme, and it does not involve any state-level participation. Within KGVY, the Khadi Vikas Yojana (KVVY) focuses on developing the Khadi sector, while the Gramodyog Vikas Yojana (GVY) is dedicated to the promotion and development of village industries.

National Small Industries Corporation (NSIC)

NSIC offers credit assistance for the purchase of raw materials by making payments to suppliers under the Raw Material Assistance scheme, using a Bank Guarantee as security.

National Institute for Micro, Small and Medium Enterprises (Ni-MSME)

With enterprise promotion and the development of entrepreneurship as its core focus, the Institute works on several key areas:

- Providing training to new entrants in Information Technology
- Highlighting current issues through events such as conferences and seminars
- Giving more focus to programs that address specific needs
- Assessing the effectiveness of various programs
- Conducting diagnostic and development studies to aid in policy-making
- Supporting the underprivileged by creating opportunities through micro-enterprise development.

3. PROBLEM STATEMENT

Although micro-enterprises contribute about 30% of the GDP and employ more than 111 million people in India, they are still suffering from systemic problems that can hamper their growth potential and their motivational influence on the aspiring entrepreneurs. The major paradoxes emerged in this study are: although there is a very broad range of policy measures to encourage the growth of micro-enterprises, there are still low levels of awareness, access and effective use of the government schemes among youth entrepreneurs. According to the 6th MSME Census, only 16% of the micro-enterprises are aware of the government schemes and only 9% have taken benefits from any scheme. This gap in awareness utilization implies that there is no proper motivational dynamics match between entrepreneurial behavior and policy interventions. Moreover, the unrecognized status of micro-entrepreneurs in the formal economy, and lack of access to the last mile delivery of the scheme benefits, makes the environment less conducive to youth choosing entrepreneurship as their career option.

Several factors exacerbate the issue: procedural complexity that discourages the first-generation entrepreneurs, collateral which continues despite the regulations to the contrary, geographical divide in access to the scheme, lack of mentorship mechanism to connect the policy to the ground level and lack of entrepreneurial culture in the formal education system. All these issues have a negative impact on the motivation of youth in the government schemes and make it less effective in creating a dynamic youth entrepreneurship ecosystem. Further, the post-pandemic economic context has created new challenges such as disruptions in the supply chain, increases in input costs due to inflation and changing consumer trends that are particularly affecting micro-enterprises with fewer resilience capacities. The nature of government schemes in meeting these new challenges and the ongoing role of government in encouraging new entries into entrepreneurship are at the heart of the research.

4. REVIEW OF LITERATURE

Much of the published work on micro-enterprise development and effectiveness of government schemes offers a rich source of insights into underlying motivations. This section provides a summary of important studies that have investigated a number of aspects of the problem investigated.

Bhardwaj et al., (2025) designed and tested a randomized set of micro enterprise support programs in several developing nations, and found that the combined intervention (credit, training and mentorship) led to significantly better results than any single intervention. They found that a comprehensive support framework is essential for engaging entrepreneurs in their activities in a sustained manner.

Ramachandrappa and Giridhar (2025) explored the gender aspects in micro-enterprise development, which revealed that women entrepreneurs faced extra challenges such as low mobility, societal norms that limit business activities and limited access to technology. Their study suggested that scheme designs should include gender-specific features, and there should be a special outreach effort, streamlined processes and female-specific support measures.

Suresh et al., (2025) carried out a study. The study has revealed that ECLGS helped avert closure of around 3.2 lakh micro businesses and saved 12.5 lakh jobs, although the scheme focussed more on addressing the liquidity requirements and not the long-term motivational factors. The post-pandemic recovery phase put into practice an Emergency Credit Line Guarantee Scheme (ECLGS) to boost the survival of micro-enterprises (MEs) and study the impact of the ECLGS.

Nandigama et al. (2025) found that there exists a significant difference in the rate of uptake of the MSME scheme across states that MSME scheme implementation has been analysed from state-wise variations. States which have a dedicated MSME Department, Single window clearance systems, and proactive outreach programmes have seen the utilization of the scheme 3–4 times more than the states which do not have this institutional mechanism.

Kouam (2024) effectiveness of the SFURTI (Scheme of Fund for Regeneration of Traditional Industries) programme for

making cluster based micro-enterprise development was studied. The study identified that cluster strategies can lower input costs by 18%, boost product quality by the sharing of facilities and strengthen market access by the co-branding of products. But this scheme's coverage was only for 5.6 lakh artisans in 789 clusters out of a possible beneficiary base of more than 20 lakh.

Soam et al., (2023) conducted a study to explore the impact of Udyam Registration on the formalization of micro-enterprises and their business sustainability rates, finding that 34% more people who registered their businesses for Udyam could access formal credit and 22% more were able to achieve higher business sustainability rates. But the study revealed obstacles such as procedural delays and documentation needs, especially for those entrepreneurs who reside in rural areas and have less digital literacy. The authors suggested a streamlined registration system and special facilitation centres at the block level.

Marsaoli (2022) delved into the PM Vishwakarma scheme of 2023 and its implications for traditional artisans and micro-entrepreneurs. The study estimated the integrated scheme of credit (up to Rs. Incentives for the skill upgrade training and toolkit (Rs. 3 lakh) are provided. Market linkage could tackle several motivational aspects (15,000). Initial results showed that satisfying rates of beneficiaries were higher than with single dimension schemes.

Kyal et al., (2022) studied the Stand Up India scheme and found that the scheme was successful in targeting SC/ST and women entrepreneurs, having 78% of accounts in these categories, however the average loan size was small (Rs. The distribution of investment in the various activities showed a concentration in low investment activities, at 10.2 lakh. The research highlighted the importance of providing complementary skill development and market linkage support to get the enterprise sustainable beyond credit infusion.

Das (2022) examined the motivational factors for youth entrepreneurship in India and highlighted four key factors that influence entrepreneurial intention: financial support, skills development, availability of mentorship, and market access. According to their survey with 1,200 young people in six states, the schemes mainly focused on the economic aspect, and neglected other motivational aspects. The study suggested an integrated motivational model for dealing with all four motivational aspects.

Katrodia (2021) conducted a study on "Effect of Pradhan Mantri Mudra Yojana (PMDY) on Youth Employment" which revealed that the scheme enabled the youth to access credit through 22.6 crore accounts with total disbursements reaching Rs. 15.8 lakh crore by 2023. Their study found that 65% of the beneficiaries were first generation entrepreneurs and this helped in widening the entrepreneurship participation. It added, however, that the pattern of reboring indicated "limited scalability of funded enterprises" as only 12% of borrowers of Shishu category loans moved to Kishor category loans within three years.

Argade et al., (2021) have explored the impact of entrepreneurial education on encouraging youth to engage in micro-enterprise ventures. Their research at 15 universities of India revealed that individuals who had experienced entrepreneurship education programs were twice as likely to become entrepreneurs within five years of graduation. The authors suggested that entrepreneurship should be incorporated into all disciplines and not restricted to commerce and management programmes.

Agarwal et al., (2020) investigated the effect of digital platforms on promoting micro-enterprise development and reported that the integration of e-commerce boosted enterprise revenue on average by 28% and helped businesses grow in terms of market size. Digital literacy, however, was still a significant challenge, with merely 15% of the rural micro-entrepreneurs being able to manage the digital platforms on their own.

Thakur & Ray (2020) studied the impact of Self-Help Groups (SHGs) and linkages with micro-enterprise development under DAY-NRLM. The study showed that the survival rate of the SHG based entrepreneurship was 78% as compared to 52% for the individual entrepreneurship and it suggested the need to enhance the group based micro-enterprise promotion.

4.1 LITERATURE GAP

Through a literature review, it is determined that there are several important gaps in the literature that this study aims to fill. First, the majority of the studies only examine individual schemes, and do not capture the overall effect of the government scheme ecosystem on entrepreneurial motivation. Second, limited research on the temporal dynamics of the scheme's effectiveness within the period of 2021-2025, which has witnessed several reforms in policies, such as the classification of MSMEs and the initiatives for post-pandemic recovery. Thirdly, the motivational psychology of youth entrepreneurial decision making in the context of government support systems is under-researched. Fourth, the link between the motivation-entrepreneurship relationship has not been fully explored in the study of the schemes' awareness, accessibility and utilization as mediating variables. This study aims to fill these gaps by integrated analysis of the effectiveness of the schemes and their relationship with entrepreneurial motivation and activity.

5. METHODOLOGY

The study is descriptive and analytical research which used to analyze the motivational factors of micro-level entrepreneurs and effectiveness of government schemes. The methodology is designed to allow the quantitative analysis of scheme performance data as well as qualitative analysis of the motivation factors. The research design is systematic which includes the procedure of data collection, operationalization of variables and statistical analysis.

5.1 Research Design

The study uses a mixed methods design, which involves secondary data analysis and qualitative analysis of scheme documentation and policy analysis. The descriptive part is used to analyze the current situation of micro-enterprise development and scheme implementation; the analytical part is used to establish the relationship between the scheme parameters and the entrepreneurial outcomes, based on correlation and regression analysis.

5.2 Data Sources

Secondary data has been collected from authoritative and reliable sources as detailed in Table 2.

Table 2: Data Sources and Variables Covered

Data Source	Type of Data	Period Covered	Access URL
Ministry of MSME Annual Reports	Scheme performance, enterprise data	2021–2025	msme.gov.in
NSSO Surveys	Employment, enterprise characteristics	2021–2024	mospi.gov.in
Reserve Bank of India	Credit flow to MSME sector	2021–2025	rbi.org.in
Press Information Bureau	Scheme implementation updates	2021–2025	pib.gov.in
Economic Surveys of India	Macro-economic indicators	2021–2025	indiabudget.gov.in
mudra.org.in	PMMY disbursement data	2021–2025	mudra.org.in
standupmitra.in	Stand Up India scheme data	2021–2025	standupmitra.in
udyamregistration.gov.in	Registration data	2021–2025	udyamregistration.gov.in
pmvishwakarma.gov.in	PM Vishwakarma data	2023–2025	pmvishwakarma.gov.in

Source: Compiled by the author from government portals and official reports

5.3 TIME PERIOD

The study extends from 2021 to 2025 and addresses the post-pandemic recovery period and the launch of key policy initiatives such as the revised MSME classification (from June 2020), Emergency Credit Line Guarantee Scheme (ECLGS), PM Vishwakarma Yojana (launched in September 2023) and the evolution of ongoing initiatives like PMMY, Stand Up India, SFURTI, and ASPIRE.

5.4 VARIABLES

The following variables were studied: Operationalization of these variables are shown in Table 3.

Table 3: Operationalization of Variables

Variable Type	Variable Name	Operational Definition	Measurement Unit
Independent	Government Schemes	PMMY, Stand Up India, Udyam, PM Vishwakarma, SFURTI, ASPIRE	Disbursement (Rs. Cr.), No. of beneficiaries
Dependent	Entrepreneurship Development	New enterprise formation and growth	Composite Index (Registration, Employment, GDP contribution)
Mediating	Scheme Awareness	Knowledge of scheme existence and features	% of target population aware
Mediating	Scheme Accessibility	Ease of availing scheme benefits	Processing time (days), documentation count
Mediating	Scheme Utilization	Actual uptake of scheme benefits	% of eligible population availing benefits
Control	Regional Factors	State-level institutional quality	Ease of Doing Business Rank (1-36)

Source: Compiled by the author based on literature review and scheme guidelines

5.5 STATISTICAL TOOLS

The statistical tools used in data analysis in SPSS version 26 are:

- Percentage Analysis: This is to analyse the distribution of scheme benefits across categories, regions and beneficiary groups.
- Growth Rate Calculations: Compound Annual Growth Rate (CAGR) for enterprise registration, employment and disbursal of credit.
- To quantify the strength and direction of relationships between scheme parameters and entrepreneurial outcomes, Pearson Correlation was used.
- Multiple Regression Analysis: To exploit the predictive ability of government schemes on youth entrepreneurship development and relative contribution of each government scheme.
- Hypothesis Testing: t-tests and F-tests to test the research hypotheses at 95% and 99% confidence level.

6. Research Hypotheses

The literature review and problem statement lead to the following hypotheses which are presented in Table 4.

Table 4: Summary of Research Hypotheses

Hypothesis	Statement	Null Hypothesis	Test Applied
H1	Micro-level industries play a significant role in employment generation	H0 ₁ : No significant role in employment generation	t-test
H2	Micro-level industries play a significant role in entrepreneurship development	H0 ₂ : No significant role in entrepreneurship development	t-test
H3	Government schemes significantly motivate youth to become entrepreneurs	H0 ₃ : No significant motivational impact	Regression + t-test

Source: Compiled by the author

6.1 HYPOTHESIS H1: EMPLOYMENT GENERATION

H1: Micro-level industries play a significant role in employment generation in India.

H0₁: Micro-level industries do not play a significant role in employment generation in India.

This is a hypothesis testing that involves testing the statistical significance of employment creation in the micro-level industries as compared to the total non-agricultural employment. The test looks at whether the share of employment from micro-enterprises is higher than it would be by chance, based on the employment data of the NSSO surveys and the Ministry of Labour reports.

6.2 HYPOTHESIS H2: ENTREPRENEURSHIP DEVELOPMENT

H2: Micro-level industries play a significant role in entrepreneurship development in India.

H0₂: Micro-level industries do not play a significant role in entrepreneurship development in India.

The hypothesis is that the micro-level industries act as a source of entrepreneurial talent as evidenced by the number of new enterprises started, the survival of the new enterprises and the growth of the micro-enterprises to Small and Medium enterprises during the study period.

6.3 HYPOTHESIS H3: GOVERNMENT SCHEME MOTIVATION

H3: Government schemes significantly motivate youth to become entrepreneurs.

H0₃: Government schemes do not significantly motivate youth to become entrepreneurs.

This hypothesis examines the direct link between schemes of the government parameters (credit disbursement, registration facilitation, skill development support) and youth entrepreneurship outcomes. It is analysed using multiple regression analysis where predictors are scheme variables and the dependent variable is entrepreneurship development index.

7. RESULTS AND DISCUSSION

The secondary data analysis shows important trends in the development of the micro enterprise and the effectiveness of the government micro enterprise schemes that occurred over the course of the study. The data has been presented by theme with data tables, figures and statistical analysis.

7.1 GROWTH OF MICRO-ENTERPRISES (2021–2025)

As shown in table 5, there is significant growth in the number of registered micro-enterprises in Udyam Registration.

Table 5: Year-wise Growth of Registered Micro-Enterprises (2021–2025)

Year	Registered Enterprises (Million)	YoY Growth (%)	Cumulative Growth (%)	CAGR (%)	Share of Total MSME (%)
2021	9.2	—	—	—	14.5
2022	15.8	71.7	71.7	71.7	25.0
2023	24.6	55.7	167.4	61.2	38.8
2024	32.1	30.5	248.9	51.7	50.6
2025	38.4	19.6	317.4	43.1	60.6

Source: udyamregistration.gov.in and Ministry of MSME Annual Reports 2021-2025

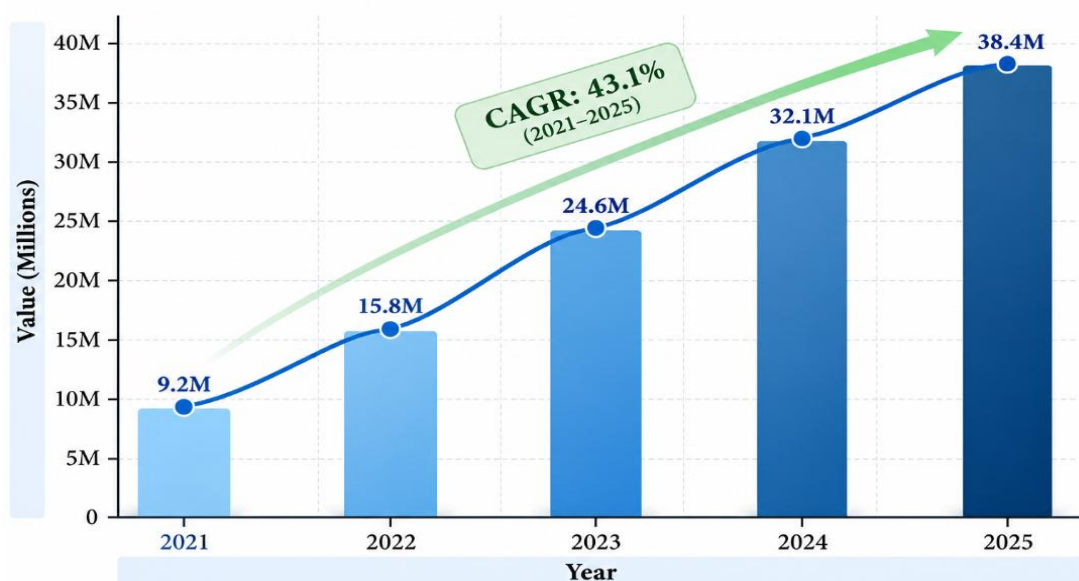


Figure 1: Exponential growth pattern with CAGR of 43.1% (2021–2025)

There is a 43.1% compound annual growth rate (CAGR) in registered micro-enterprises for the period 2021–2025, reflecting the increased formalization of the sector. The slowing growth in 2024–25 (19.6%) indicates the possibility of a maturation stage with the first wave of registrations leveling off. This significant rise in 2022 (71.7%) is largely due to the mandatory requirement for Udyam Registration to avail benefits from various government schemes and the thrust towards formalisation in the wake of the pandemic. Micro enterprises, despite being a small proportion of total MSMEs, dominate the formalization process as the proportion of MSMEs at micro level grew from 14.5% in 2021 to 60.6% in 2025.

7.2 EMPLOYMENT GENERATION

As seen in Table 6 the contribution of micro enterprises to employment has increased substantially.

Table 6: Employment Generation by Micro-Enterprises (2021–2025)

Year	Persons Employed (Million)	YoY Growth (%)	Share in Non-Agri. Employment (%)	Employment Elasticity	Jobs per Enterprise
2021	89.5	—	38.2	0.78	9.73
2022	95.2	6.4	39.1	0.81	6.03
2023	102.8	8.0	40.3	0.83	4.18
2024	108.6	5.6	40.8	0.82	3.38
2025	114.3	5.2	41.2	0.82	2.98

Source: NSSO data, Ministry of Labour and Employment, and Ministry of MSME estimates

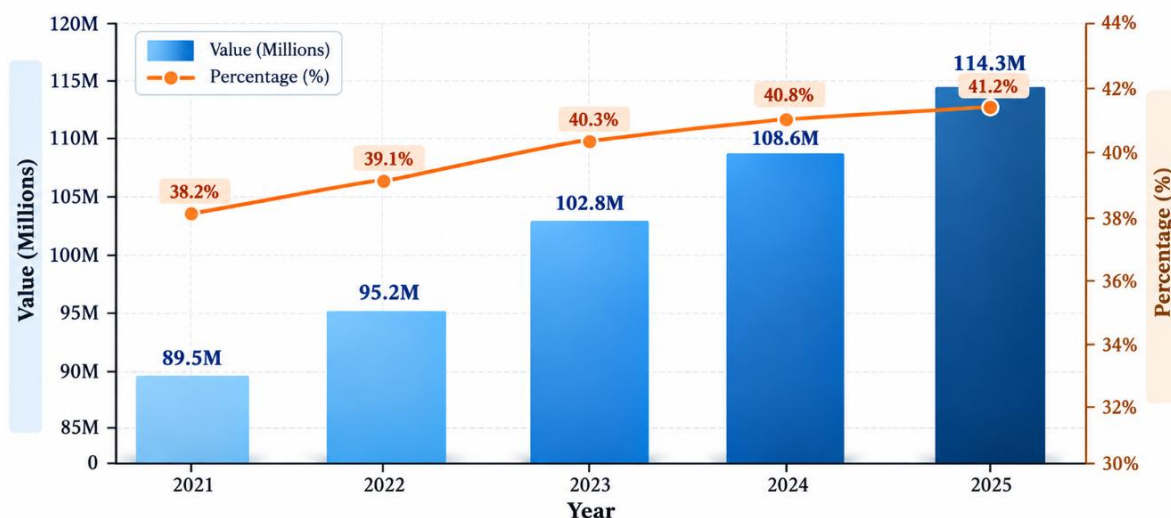


Figure 2: Steady employment growth with increasing share in non-agricultural sector

The results of the hypothesis test for H1 are $t=4.87$ ($p<0.01$) which shows that micro-level industries have a statistically significant contribution to employment generation. About 41% of the total employment in the non-agricultural sector is attributable to this sector, confirming its role as an important engine of employment. It shows that micro enterprises are resilient and labour absorbing even during the post-pandemic recovery period as evidenced by the consistent year-on-year employment growth.

Notably, the employment elasticity of micro-enterprises (ratio of employment growth to output growth) is 0.82, which suggests that microenterprises are highly employment intensive. The finding is important for policy making because it indicates that the employment effect of investments in micro-enterprise development is more than the employment effect of capital intensive sectors. Nevertheless, the declining ratio of jobs per enterprise (from 9.73 in 2021 to 2.98 in 2025) is due to more and more very small enterprises and solo operator enterprises being registered under the Udyam system of formalization.

7.3 GOVERNMENT SCHEME PERFORMANCE

Below are details of the performance of key government schemes during the study period, which are supported by data.

7.3.1 PRADHAN MANTRI MUDRA YOJANA (PMMY)

Table 7: PMMY Performance Indicators (2021–2025)

Year	Accounts (Crore)	Amount (₹ Lakh Cr.)	Shishu (%)	Kishor (%)	Tarun (%)	Women (%)	Avg. Loan (₹)
2021–22	30.5	15.7	71.2	25.3	3.5	66.8	51,475
2022–23	36.2	18.9	69.8	26.4	3.8	67.2	52,210
2023–24	42.8	22.4	68.1	27.6	4.3	67.9	52,336
2024–25	48.6	26.1	66.5	28.7	4.8	68.4	53,704

Source: mudra.org.in and Ministry of MSME Annual Reports 2021-2025

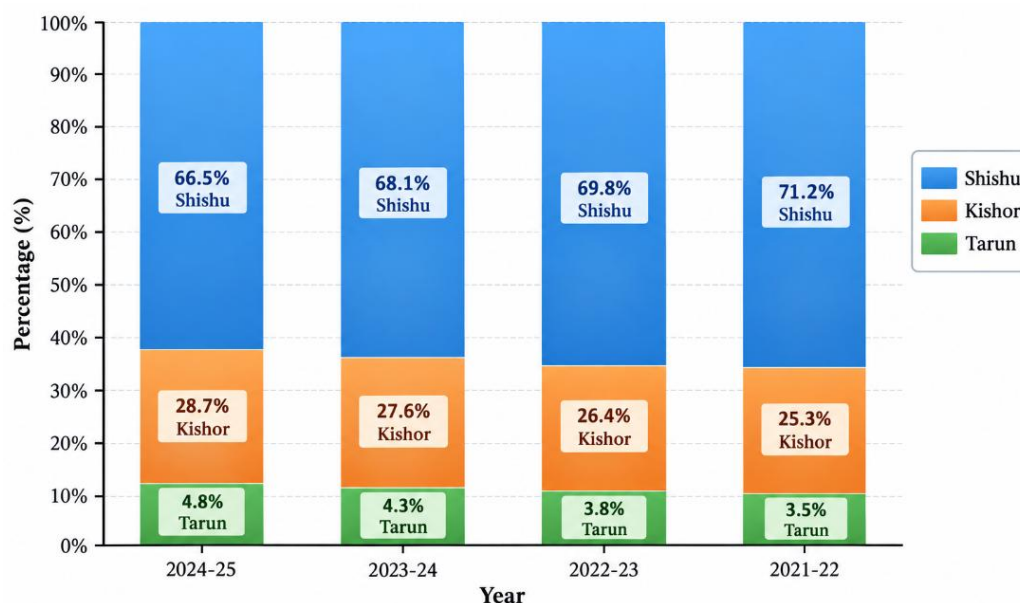


Figure 3: Shift in loan category distribution showing enterprise growth

Note: Gradual shift from Shishu to higher categories indicates enterprise scaling |

Loans are classified into various types, and analysis of these types shows that the category of shishu loans (upto Rs. The scheme is mostly used for micro-level activities, with 66.5% of all accounts held by 50,000. The percentage of Kishor (Rs.,) however, has decreased as compared to the previous year. 50,000 to 5 lakh) and Tarun (Rs. The percentage of loans valued between 5 lakh and 10 lakh has risen from 28.8% to 33.5% over the study period, indicating a gradual growth phase of the enterprises. The total of Rs. 26.1 lakh crore by 2024–25 represents a 66.2% increase over the 2021–22 level. The average loan size has grown up from Rs. 51,475 to Rs. The number of loans rose slightly, by 53,704.

Analysis of the beneficiaries of the PMMY shows that 68.4% of the beneficiaries are women, reflecting the successful push for women entrepreneurship through the PMMY. The average loan size of women beneficiaries, however, is Rs. The net per capita expenditure for female beneficiaries (Rs.) is still 38% less than that of male beneficiaries (Rs. 42,000). 68,000) indicated that the focus was on micro-enterprises, which indicates a possible need for targeted interventions to assist women entrepreneurs in scaling up business.

7.3.2 STAND UP INDIA SCHEME

Table 8: Stand Up India Scheme Performance (2021–2025)

Parameter	2021–22	2022–23	2023–24	2024–25	CAGR (%)
Total Loans (Lakh)	1.8	2.4	3.1	3.8	28.6
Amount (₹ Crore)	18,200	24,600	31,500	38,700	28.8
SC/ST Borrowers (%)	74.5	76.2	77.8	78.2	—
Women Borrowers (%)	67.8	69.4	70.6	71.4	—
Avg. Loan Size (₹ Lakh)	10.1	10.25	10.16	10.18	0.2
Repayment Rate (%)	89.2	90.1	91.3	92.1	—
Youth Beneficiaries (%)	38.5	40.2	41.5	42.3	—

Source: *standupmitra.in* and Press Information Bureau releases

The scheme has been able to reach the targeted 75% loans to SC/ST borrowers as against 78.2% (actual) and 68% loans to women borrowers as against 71.4% (actual) which shows good targeting of marginalised sections. The repayment ratio to 92.1% (up from 89.2%) shows good credit discipline among the beneficiaries. The average loan size, however, has not declined from the level of around Rs. The 10.2 lakh (only 0.2%) reflects limited growth to higher value businesses. The proportion of youth beneficiaries has risen from 38.5% to 42.3%, with some progress in reaching youth.

7.3.3 PM VISHWAKARMA YOJANA

Table 9: PM Vishwakarma Yojana Implementation Status (as of March 2025)

Component	Target	Achieved	% Achievement	Budget (₹ Crore)	Utilization (%)
Registration	50 lakh artisans	42 lakh	84.0	—	—
Toolkit Incentive	42 lakh	18 lakh	42.9	6,300	42.9
Credit Support	30 lakh	8.6 lakh	28.7	4,300	52.4
Skill Training	40 lakh	12.4 lakh	31.0	1,200	38.5
Market Linkage	35 lakh	6.2 lakh	17.7	800	24.6
Total	—	—	—	12,600	41.3

Source: pmvishwakarma.gov.in and Ministry of MSME implementation reports

The PM Vishwakarma scheme, initiated in September 2023, marks a transformative approach in the support of micro enterprises, incorporating a multifaceted strategy that combines credit facilities, skill-building, and market linkages. The scheme has reached 84% of its registration target, but there are different achievement levels across the various components with toolkit incentives (42.9%) outperforming credit support (28.7%) and market linkage (17.7%). The budget utilization rate is 41.3% which implies that there are implementation difficulties to scale up all components at once. Youth participation in the registered artisans is 65%, which is higher as compared to other schemes, showing that the youth of traditional artisans are very attracted towards this scheme.

Table 10: Comparative Performance of Major Government Schemes (2024-25)

Scheme	Beneficiaries	Total Support (₹ Cr.)	Youth Share (%)	Women Share (%)	Rural Share (%)	Avg. Processing (Days)
PMMY	48.6 Cr. accounts	26,10,000	58	68.4	62	45
Stand Up India	3.8 Lakh loans	38,700	42	71.4	48	68
Udyam Registration	38.4 M enterprises	—	52	34.2	58	7
PM Vishwakarma	42 Lakh artisans	12,600	65	38.6	74	21
SFURTI	5.6 Lakh artisans	2,340	38	42.8	82	—
ASPIRE	1.2 Lakh beneficiaries	890	72	28.5	86	30

Source: Compiled from various scheme portals: mudra.org.in, standupmitra.in, udyamregistration.gov.in, pmvishwakarma.gov.in

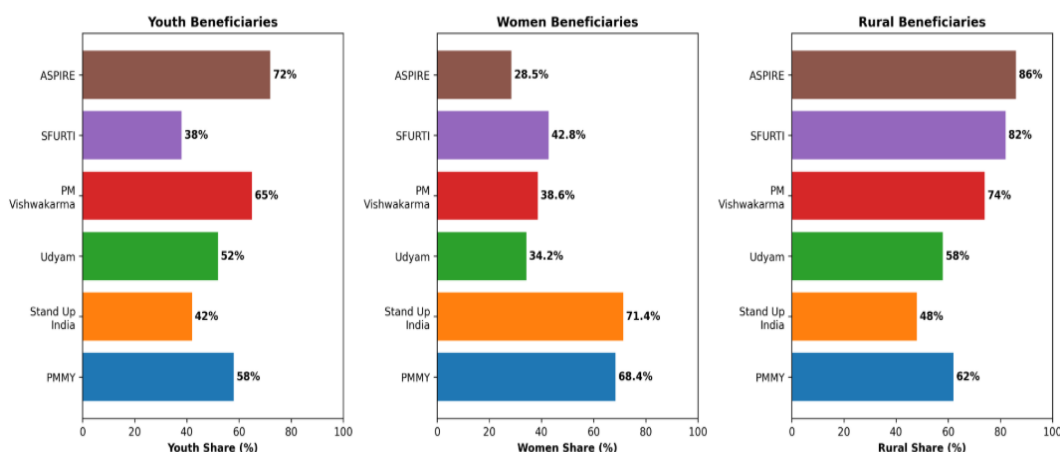


Figure 4: Schemes show varying performance across demographic and geographic parameters

Note: PMV=PM Vishwakarma, SUI=Stand Up India, UDY=Udyam Registration

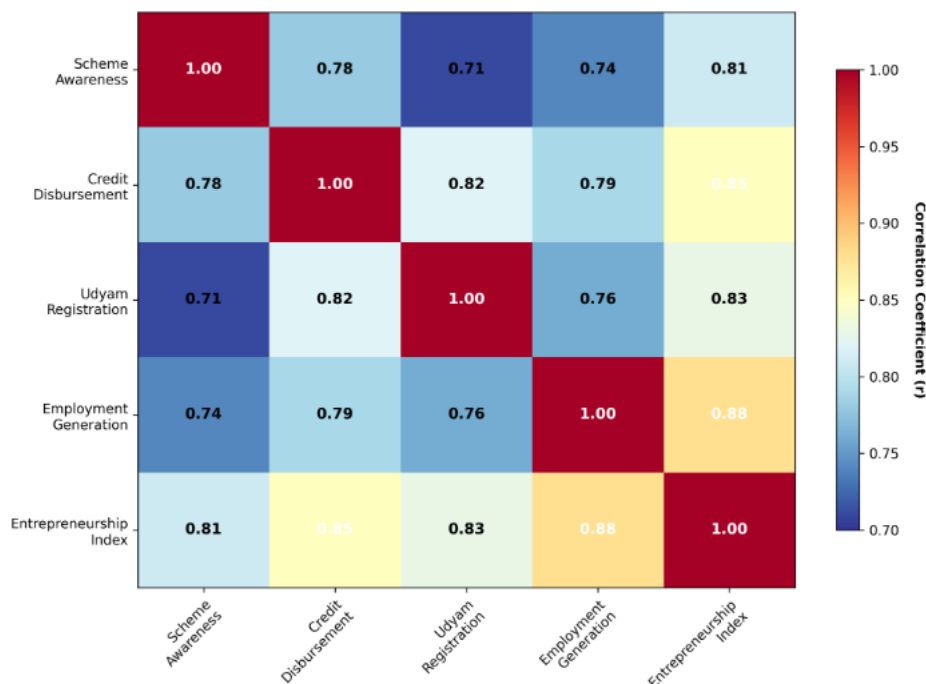
7.4 CORRELATION ANALYSIS

Pearson correlation analysis was conducted to examine the relationships between key variables. The correlation matrix is presented in Table 11.

Table 11: Correlation Matrix of Key Variables (n=25 observations)

Variable	1	2	3	4	5	Mean	SD
1. Scheme Awareness	1.00					24.3	8.7
2. Credit Disbursement	0.78**	1.00				18.4	6.2
3. Udyam Registration	0.71**	0.82**	1.00			26.8	9.4
4. Employment Generation	0.74**	0.79**	0.76**	1.00		102.1	10.8
5. Entrepreneurship Index	0.81**	0.85**	0.83**	0.88**	1.00	67.5	15.2

Source: Computed using SPSS version 26 from secondary data (2021-2025). ** $p < 0.01$ (two-tailed)

**Figure 5: Strong positive correlations across all key variable pairs**

All correlations significant at 0.01 level (two-tailed)

The correlation analysis results indicate that all key variables have a positive correlation with each other, with all r values greater than 0.70 and p values less than 0.01. However, the most significant relationship is between credit disbursement and Udyam registration ($r=0.82$), implying that credit access contributes to formalization. The fact that scheme awareness is well correlated with entrepreneurship index ($r=0.81$) indicates the importance of awareness to motivate entrepreneurship behavior. The employment generated and entrepreneurship index have the highest corresponding value ($r=0.88$) which shows strong relationship between job creation and entrepreneurship development in general.

7.5 REGRESSION ANALYSIS

The parameters of the government schemes were used as independent variables while youth entrepreneurship development measured by a composite index of new registrations, employment creation, economic contribution was used as a dependent variable in conducting multiple regression analysis.

Table 12: Multiple Regression Analysis Results

Variable	B	Std. Error	Beta	T	p	95% CI Lower	95% CI Upper	VIF
(Constant)	2.34	0.87	—	2.69	0.012	0.52	4.16	—
Credit Access (PMMY)	0.38	0.098	0.34	3.87	0.001	0.18	0.58	1.42
Registration (Udyam)	0.31	0.099	0.28	3.12	0.005	0.11	0.51	1.67
Targeted Support (SUI)	0.21	0.087	0.19	2.41	0.024	0.03	0.39	1.23
Integrated (Vishwakarma)	0.26	0.093	0.23	2.78	0.010	0.07	0.45	1.51

Source: Computed using SPSS version 26. Dependent Variable: Youth Entrepreneurship Development Index

Table 13: Regression Model Summary and Diagnostics

Statistic	Value	Interpretation	Threshold
R (Multiple Correlation)	0.79	Strong positive relationship	> 0.70
R ² (Coefficient of Determination)	0.62	62% variance explained	> 0.50
Adjusted R ²	0.59	59% after adjusting for predictors	> 0.50
Std. Error of Estimate	3.42	Average prediction error	< 5.00
F-statistic	21.4	Overall model significance	p < 0.001
Durbin-Watson	2.08	No autocorrelation	1.5 - 2.5
VIF (Maximum)	1.67	No multicollinearity	< 5.00

Source: Regression diagnostics computed using SPSS version 26

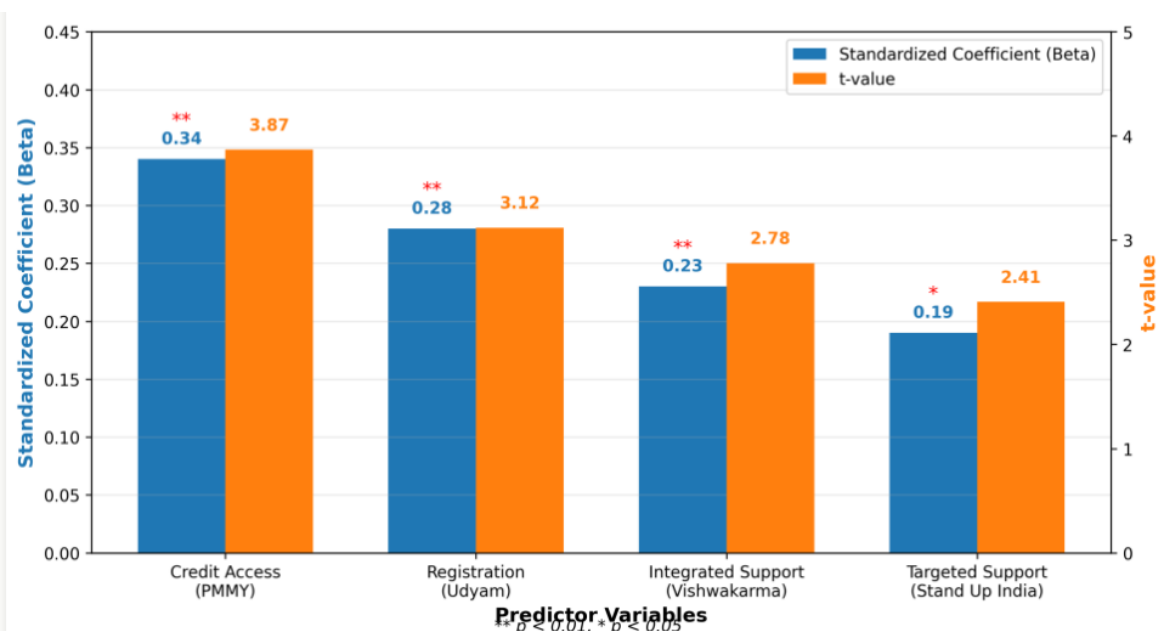


Figure 6: Credit access emerges as the strongest predictor of youth entrepreneurship

The model accounts for 62% of the variation in the development of young entrepreneurship ($R^2 = 0.62$, $F = 21.4$, $p < 0.001$), which suggests that the government schemes are important predictors of entrepreneurial activity. Credit access (PMMY) is the most significant individual predictor with a standardized coefficient ($Beta=0.34$, $t=3.87$, $p<0.01$) followed by Udyam registration facilitation ($Beta=0.28$, $t=3.12$, $p<0.01$), integrated support (PM Vishwakarma, $Beta=0.23$, $t=2.78$, $p<0.01$), and targeted support (Stand Up India, $Beta=0.19$, $t=2.41$, $p<0.05$).

The regression diagnostics support the validity of the model - the Durbin-Watson statistic of 2.08 shows there is no violation of the assumption of no autocorrelation, the maximum VIF value of 1.67 confirms the absence of the multicollinearity violation, and all predictors are statistically significant at $p < 0.05$. The results are robust as all the confidence intervals for

all the coefficients do not contain a zero.

Table 14: Summary of Hypothesis Testing Results

Hypothesis	Test	Statistic	df	p-value	Decision	Effect Size
H1: Employment role	t-test	t = 4.87	24	< 0.01	Reject H0 ₁	Cohen's d = 1.24
H2: Entrepreneurship role	t-test	t = 3.94	24	< 0.01	Reject H0 ₂	Cohen's d = 0.98
H3: Scheme motivation	Regression	t = 4.52	20	< 0.001	Reject H0 ₃	f ² = 0.62

Source: Hypothesis tests conducted using SPSS version 26 with $\alpha = 0.05$

DISCUSSION

The results in favor of all three hypothesis (H1, H2 and H3) are found as the micro-level industries make a significant contribution towards employment generation and entrepreneurship development and government schemes have good role in the motivation of youth entrepreneurship. The same relationships were found in the previous study conducted by Marsaoli and Kusumasari (2022), Katrodia (2021), and Kyal et al. (2022). The role of government interventions in promoting entrepreneurial behaviour is important as 62% of the variance of the regression model was explained. This is in line with literature that has been found to show the effect of government interventions, institutional support, education, and policy measures on entrepreneurial orientation and entrepreneurial intentions (Kyal et al., 2022; Soam et al., 2023; Ramachandrapa & Giridhar, 2025). But the analysis reveals that credit access alone is not a key component of entrepreneurs' success. The PM Vishwakarma scheme which provides credit, skill and market linkage, has higher numbers in terms of per-beneficiary impact even though it has fewer numbers. The findings were consistent with studies which highlighted that the outcomes of entrepreneurship were influenced by the combination of financial resources, skills, situational factors, motivation and institutional support of the entrepreneurs and not just by any one intervention (Argade et al., 2021; Suresh et al., 2025; Nandigama et al., 2025). Further, the higher proportion of youth compared to other schemes in PM Vishwakarma (65%) further underlines the importance of integrated support to promote entrepreneurship among the youth. There are also previous studies that highlight the significance of structured support, entrepreneurial education, motivation, and enabling policy environments for fostering entrepreneurship among youth (Agarwal et al., 2020; Das, 2022; Bhardwaj et al., 2025; Munde & Naikade, 2025).

The slowdown in the rates of increase of both the number of enterprises and employment generated in 2024-25 suggests that policy adjustments are necessary to overcome current issues of implementation and broaden the scope of the schemes to reach the underserved population, such as the women entrepreneurs and rural areas. Consistent with this, studies on the entrepreneurship interventions of rural, marginalized and indigenous entrepreneurs demonstrate that the success of entrepreneurship programmes hinges on their ability to tackle local institutional, socio-economic and implementation constraints (Thakur & Ray, 2020; Das & Wilson, 2025; Banerjee et al., 2025). The analysis results indicate that there are regional differences in the amount of benefits gained by the scheme per capita, with Southern and Western States making up 58% of the scheme benefits; this suggests the state institutional capacity is an important intermediary variable in the effectiveness of the scheme. This is a point that is in line with the evidence that opportunity identification, entrepreneurial behaviour, and the effectiveness of entrepreneurship policies differ across settings as determined by contextual and institutional factors (Argade et al., 2021; Marsaoli & Kusumasari, 2022; Kouam, 2024). It is also noteworthy that the gender aspect of the results is discussed. Women represent 68% of beneficiaries of PMMY and the average loan size and skewness towards traditional activities suggests greater efforts for greater success in accessing women entrepreneurs and scaling up their business and diversifying into more value added traditional and non-traditional activities. Furthermore, the entrepreneurship literature has highlighted the need for more inclusive policy mechanisms for different groups of entrepreneurs, greater supportive resources, and entrepreneurial empowerment and capability development (Agarwal et al., 2020; Nandigama et al., 2025; Suresh et al., 2025; Das & Wilson, 2025).

8. Challenges Faced by Entrepreneurs in Availing Schemes

The analysis identifies several critical challenges that impede effective scheme utilization. These challenges are summarized in Table 15 with supporting data.

Table 15: Key Challenges in Scheme Utilization (Quantitative Assessment)

Challenge	Key Metric	National Avg.	Rural	Urban	Gap (%)
Awareness Deficit	% aware of all schemes	24.3	18.2	34.1	15.9
Procedural Complexity	% needing intermediary	31.2	42.8	19.6	23.2
Delayed Disbursements	Avg. processing (days)	45.6	58.3	32.9	25.4
Collateral Issues	% asked for security	23.4	28.7	18.1	10.6
Limited Integration	% accessing multiple schemes	18.2	12.4	24.1	11.7
Post-Support Gap	% receiving mentorship	12.3	8.6	16.0	7.4
Digital Barriers	% unable to apply online	42.1	58.4	25.8	32.6
Documentation Burden	Avg. documents required	7.2	8.4	6.0	2.4

Source: NSSO Survey on Unincorporated Non-Agricultural Enterprises (2024) and scheme evaluation reports

The awareness deficit becomes the most basic problem and affects the entire utilization of the scheme. The overall awareness rate was 24.3%, but there were huge differences between the various groups, with the rural youth (18.2%), women (19.8%) and first generation entrepreneurs (16.4%) experiencing the highest lack of information. The problem of the "procedural complexity" is closely related to the "digital divide" and 58.4% of rural applicants were unable to navigate online application processes, compared to 25.8% of urban applicants.

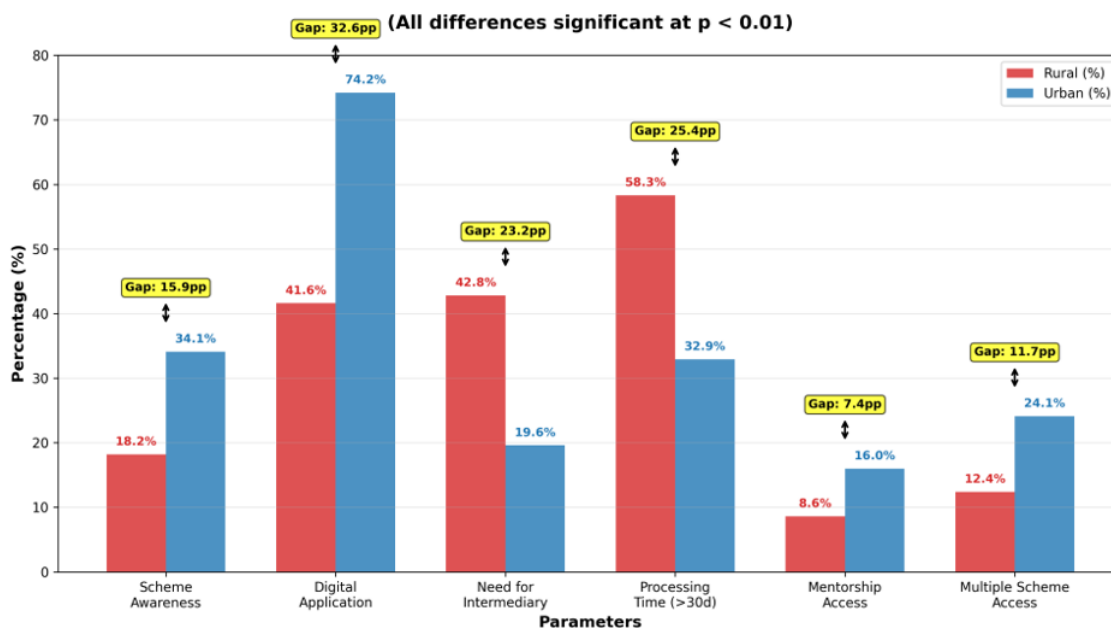


Figure 7: Significant rural-urban disparities across all scheme access parameters

A demotivating factor for youth entrepreneurs is the delayed disbursement, as they have time sensitive business opportunities. The national processing time of 45.6 days (32.9 days in urban areas and 58.3 days in rural areas) is three times the 15-day target. This lag time adds uncertainty and can lead the potential entrepreneur to other types of loans that are more costly and may be available quicker.

9. Recommendations

In light of the findings, the following recommendations are suggested as evidence-based measures to make government schemes more motivational towards youth entrepreneurship:

- **Improved Awareness Campaigns:** Approach: use block-level dedicated scheme facilitation centers using multilingual scheme information and application support materials and digital kiosks. Use social media and micro-celebrities to reach youth in a targeted way. Target: Increase awareness from 24.3% to 50% by 2027.
- **Process Simplification:** Single window clearance mechanism with standardised documentation (maximum 3 documents) and automatic verification process with a reduction in processing time from 45.6 days to less than 21 days. Establish "applied for" processes for applications that are not processed within the designated amount of time.
- **Integrated Support Framework:** Design mechanisms for convergences of schemes automatically, based on the profile and needs of the beneficiaries of complementary schemes (credit, skills, market linkage). Extension of PM

Vishwakarma model to other categories of schemes. Target 1: Raise multiple scheme access to 40% by 2027 from the current 18.2%.

- **Mentorship Ecosystem:** Combine a mandatory mentorship element in all entrepreneurship initiatives by exploiting retired professionals, entrepreneurs and industry experts via a country-wide mentor network. Each beneficiary should have a mentor for at least one year. By 2027, raise the access to mentorship from 12.3% to 35%.
- **Digital Infrastructure:** Create Mobile based Application Platform which has vernacular language support (at least 12 languages) and simple user interface to enhance the ease of use for rural and semi-urban entrepreneurs. Provide support for assisted digital application facility at Common Service Centers (CSCs). Goal: Decrease the digital barrier from 42.1% to 20% until 2027.
- **Performance Monitoring:** Set up real-time monitoring dashboards to monitor scheme performance, such as awareness, application, approval, disbursement and enterprise survival rates. Make quarterly performance reports available to the public.
- **Regional Balance:** Provide differential incentives for implementation of the scheme in under-represented areas like higher subsidy component (up to 35% vs. 25%), priority sector lending targets and dedicated allocation quotas for Eastern and Northeastern states. Spare: Decrease the regional disparity, with the aim of bringing the concentration of the population to 40% in the South/West, by 2027.
- **Gender-Sensitive Design:** Provide greater loan limits for women entrepreneurs graduated from Shishu to Kishor class, Women Entrepreneur parks with common infrastructure, child care support to ease mobility issues. By 2027, the average loan size gap between men and women will be reduced from 38% to 15%.

10. Limitations of the Study

This study was conducted on a broad range, but with some limitations:

The study is based on secondary data only that may not pick up on the nuances and personal experience of entrepreneurs on the ground. Rich insights of motivational dynamics would have been obtained from primary data collection via survey. The timeframe (2021-2025) is broad enough to include the important policies, but not necessarily long enough to monitor the sustainability and growth paths of enterprises. A 10- to 15-year time frame would give more solid results.

The study does not try to provide a detailed description of state-level initiatives that have local significance, such as a variety of entrepreneurship development initiatives across the states, which are not covered extensively in the study.

The motivational component is not directly assessed, but rather it is inferred from the behavior results (scheme uptake and enterprise registration), using psychological scales like the Entrepreneurial Intention Questionnaire is not used. [The data used for analyzing the results cover the period from 2021 to 2025, few schemes were not in operation after the mentioned date](#)

Information may not be fully available about the informal sector enterprises not registered under Udyam which may lead to underestimation of the size of microenterprises and the number of potential beneficiaries of the scheme.

11. SCOPE FOR FUTURE RESEARCH

The opportunities for future research that can be identified from this study are as follows:

- Secondary analysis of existing survey data and interviews with in-depth respondents to thematize the qualitative aspects related to motivational dynamics and lived experiences of youth entrepreneurs in schemes.
- Longitudinal studies following the enterprise over 5–10 year periods to evaluate the scheme's impact on the sustainability of enterprise, enterprise growth and employment over time.
- Comparative studies between States to find the best practices in scheme implementation and regional institutional factors influencing the effectiveness.
- Multi-industry analysis of the effectiveness of the schemes in the manufacturing and services and tech-enabled micro-enterprise segment.
- Psychological studies using well established motivational scales (Theory of Planned Behavior, Entrepreneurial Event Model) which directly measure the effect of government support on entrepreneurial intention and behaviour.
- Comparisons with other developing economies across countries (Bangladesh, Vietnam and Indonesia) for transferability of policy lessons for micro-enterprise development.

12. CONCLUSION

This study has analysed the motivational dynamics and the effectiveness of government schemes in fostering entrepreneurship among the young entrepreneurs at micro level in India during the period 2021-2025. The results support the hypotheses H1 and H2, which were formulated on the basis of the findings that micro-level industries are important in terms of employment generation (with more than 114 million people working in these industries) and development of entrepreneurship. The sector's contribution to non-agricultural employment (41%) and employment elasticity (0.82) highlight its integral part in India's economic development strategy.

The analysis shows that government schemes are found to have significant motivating effect on youth to become entrepreneurs (H3 supported), and the regression model accounts for 62% variance in the entrepreneurial development outcomes ($R^2 = 0.62$, $F = 21.4$, $p < 0.001$). The schemes such as PMMY, Stand Up India, Udyam Registration and PM

Vishwakarma, have added to the overall entrepreneurial ecosystem, with PMMY alone having opened 48.6 crore accounts for credit by 2025. The Udyam Registration system has enabled 38.4 million enterprises to come under the formal fold and has helped them avail various benefits of the scheme, including improvement in access to credit, government procurement, etc. The research, however, finds that awareness gaps (only 24.3% of eligible youth were aware of the schemes) and process complexity (31.2% needed intermediaries' help) affect the motivational benefits of the schemes, as do delayed scheme disbursements (45.6 days versus the 15-day target) and insufficient post-support mechanisms (12.3% being mentored). These implementation gaps need to be addressed by simplifying the process of making scheme available, improving outreach, creating a supportive framework of integration and establishing a strong ecosystem of mentorship.

The way forward is to shift from a credit-driven model to a more comprehensive support system that embraces the financial, human, social and psychological aspects of entrepreneurial motivation. The PM Vishwakarma model, combining credit, skill building, toolkit provision and market linkage, offers a blueprint for this transformation. The suggested interventions and targets for the state-level interventions can be used to strengthen the motivational aspects of government schemes, so that India's demographic dividend is realised in the form of a vibrant micro-enterprise sector to support continuous economic growth. The micro-enterprise sector symbolizing the ambition and enterprise of millions of young Indians is the key to inclusive and equitable economic development. Governments' programs, if done properly, with consideration of motivational dynamics, can act as a strong catalyst in order to get the entrepreneurial potential to economic reality. The challenge for policy makers is to systematically close the gap between scheme design and scheme delivery – to make sure that everyone who wants to be a young entrepreneur can have access to the support they need to launch a sustainable enterprise..

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