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GOVERNMENT EMPLOYMENT PROGRAMMES AND SUSTAINABLE ENTREPRENEURSHIP DEVELOPMENT: A REVIEW OF PMEGP IN RURAL RAJASTHAN

Arti Meena[1], Dr. Pinky Kumari[2]
[1]*Research Scholar, Department of Business Administration, University of Rajasthan, Jaipur*
[2]*Assistant Professor, Department of Business Administration, University of Rajasthan, Jaipur*

ABSTRACT
Government employment programmes play an important role in addressing unemployment and promoting entrepreneurship in rural areas of India. Among these initiatives, the Prime Minister Employment Generation Programme (PMEGP) has emerged as a key policy instrument aimed at encouraging self-employment and small enterprise development. This review paper examines the role of PMEGP in promoting sustainable entrepreneurship in rural Rajasthan. The study reviews existing literature, government reports, and policy documents to understand how PMEGP contributes to economic, social, and long-term entrepreneurial sustainability. The review highlights the scheme's impact on employment generation, income creation, and enterprise development among rural populations, including youth and women. At the same time, it identifies key challenges related to awareness, credit accessibility, skill development, and post-establishment support. The paper also discusses policy gaps and the need for stronger institutional coordination to enhance the sustainability of PMEGP-supported enterprises. By focusing on rural Rajasthan, this review provides region-specific insights and contributes to a better understanding of how government employment programmes can support sustainable entrepreneurship development.

KEYWORDS: *Prime Minister Employment Generation Programme (PMEGP), Sustainable Entrepreneurship, Government Employment Programmes, Rural Development*

1. INTRODUCTION

Employment generation and entrepreneurship development have remained key priorities for economic policy in developing countries such as India, especially in rural areas where unemployment, underemployment, and income insecurity continue to pose serious challenges (Government of India, 2020). A significant share of the rural workforce is dependent on agriculture and allied activities, which are often seasonal and vulnerable to climatic and market fluctuations. This has led to growing recognition of the need for alternative livelihood opportunities through non-farm and self-employment activities (World Bank, 2018).

In response to these challenges, government employment programmes have increasingly focused on promoting entrepreneurship as a means of sustainable rural development. Unlike traditional wage employment schemes, entrepreneurship-oriented programmes aim to create long-term income sources by encouraging individuals to establish and sustain their own enterprises (OECD, 2017). Such programmes are expected not only to generate employment but also to strengthen local economies, promote social inclusion, and reduce regional disparities. In recent years, the concept of sustainable entrepreneurship, which integrates economic viability with social and environmental responsibility, has gained prominence in policy and academic discourse (Schaltegger & Wagner, 2011).

The Prime Minister Employment Generation Programme (PMEGP) is one of the flagship initiatives of the Government of India designed to promote self-employment and micro-enterprise development in rural and semi-urban areas. Introduced in 2008, the programme is implemented through the Khadi and Village Industries Commission (KVIC) in coordination with state agencies and financial institutions. PMEGP provides financial assistance in the form of margin money subsidy, bank credit, and institutional support to aspiring entrepreneurs (KVIC, 2021). The programme specifically targets unemployed youth, women, and socially disadvantaged groups, making it a critical instrument for inclusive growth.

Rajasthan presents a relevant context for examining the role of PMEGP in sustainable entrepreneurship development. The state has a predominantly rural population, limited industrial base in many districts, and

significant regional disparities in income and employment opportunities (Government of Rajasthan, 2019). In such a setting, PMEGP-supported enterprises have the potential to contribute to rural employment generation, income diversification, and long-term entrepreneurial sustainability. However, the effectiveness of the programme depends on factors such as awareness, access to finance, skill development, and post-establishment support.

Against this backdrop, the present review paper aims to examine existing literature and policy evidence on the role of PMEGP in promoting sustainable entrepreneurship in rural Rajasthan. By synthesising findings from previous studies, government reports, and policy documents, the paper seeks to assess the programme's contribution, identify implementation challenges, and highlight gaps for future research.

2. CONCEPTUAL FRAMEWORK: GOVERNMENT EMPLOYMENT PROGRAMMES AND SUSTAINABLE ENTREPRENEURSHIP

Government employment programmes are policy interventions designed to address unemployment, income inequality, and regional imbalances by creating livelihood opportunities, particularly for economically weaker sections of society. In developing economies like India, such programmes have increasingly shifted focus from short-term wage employment to entrepreneurship-oriented initiatives that promote self-employment and enterprise creation (Government of India, 2020). This shift reflects the understanding that entrepreneurship can generate sustainable income, foster innovation, and contribute to long-term economic development.

Entrepreneurship development through government programmes involves financial assistance, skill development, institutional support, and access to markets. These elements help individuals overcome common entry barriers such as lack of capital, limited skills, and inadequate infrastructure (Audretsch, 2012). Government-supported entrepreneurship is especially important in rural areas, where private investment and formal employment opportunities are limited. By encouraging micro and small enterprises, employment programmes can stimulate local economies and reduce dependence on agriculture (NITI Aayog, 2018).

The concept of sustainable entrepreneurship goes beyond enterprise creation and focuses on the long-term survival and impact of entrepreneurial activities. Sustainable entrepreneurship integrates three key dimensions: economic, social, and environmental sustainability (Schaltegger & Wagner, 2011). Economic sustainability refers to the ability of enterprises to generate stable income and remain viable over time. Social sustainability includes employment generation, inclusion of marginalized groups, and improvement in living standards. Environmental sustainability involves responsible use of resources and adoption of eco-friendly practices, particularly relevant for rural and village-based industries.

Government employment programmes like PMEGP aim to support sustainable entrepreneurship by combining financial support with institutional mechanisms such as training, monitoring, and credit linkage. The conceptual linkage between employment programmes and sustainable entrepreneurship lies in the programme's ability to transform beneficiaries into long-term entrepreneurs rather than short-term income earners (OECD, 2017). However, the effectiveness of this framework depends on implementation efficiency, institutional coordination, and continuous post-establishment support.

3. OVERVIEW OF THE PRIME MINISTER EMPLOYMENT GENERATION PROGRAMME (PMEGP)

The Prime Minister Employment Generation Programme (PMEGP) was launched in 2008 by the Government of India through the Ministry of Micro, Small and Medium Enterprises (MSME). The programme was formed by merging two earlier schemes such as the Prime Minister's Rojgar Yojana (PMRY) and the Rural Employment Generation Programme (REGP) with the objective of creating sustainable self-employment opportunities in rural and semi-urban areas (MSME, 2019).

PMEGP aims to promote the establishment of micro-enterprises by providing financial assistance to first-time entrepreneurs. The scheme is implemented at the national level by the Khadi and Village Industries Commission (KVIC), with support from State Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs), banks, and other financial institutions. The programme targets unemployed youth, women, Scheduled Castes, Scheduled Tribes, Other Backward Classes, minorities, and other socially disadvantaged groups (KVIC, 2021).
Under PMEGP, beneficiaries receive margin money subsidy ranging from 15 to 35 percent of the project cost, depending on the category of the applicant and location of the enterprise. The remaining project cost is financed through bank credit, making access to formal finance a key feature of the scheme. PMEGP supports enterprises

in manufacturing, service, and business sectors, with special emphasis on village and rural industries (Government of India, 2020).

In rural areas, PMEGP plays a significant role in encouraging non-farm employment and reducing migration to urban centres. By promoting small-scale enterprises, the programme seeks to strengthen local production systems and generate employment at the grassroots level. However, studies have highlighted that the success of PMEGP largely depends on effective implementation, beneficiary awareness, quality of training, and timely credit disbursement (Singh & Belwal, 2019). These factors are particularly relevant when assessing the programme's contribution to sustainable entrepreneurship development.

4. PMEGP IN THE CONTEXT OF RURAL RAJASTHAN

Rajasthan is one of the largest states in India, with a significant proportion of its population residing in rural areas. The rural economy of the state is largely dependent on agriculture, animal husbandry, handicrafts, and traditional village industries. However, agricultural activities in Rajasthan are highly vulnerable due to irregular rainfall, frequent droughts, and limited irrigation facilities. These structural challenges have resulted in seasonal unemployment, low-income levels, and limited livelihood diversification in many rural districts (Government of Rajasthan, 2019).

In this context, entrepreneurship-based employment programmes have gained importance as alternative livelihood strategies. The promotion of micro and small enterprises through schemes such as PMEGP is particularly relevant for rural Rajasthan, where large-scale industrial development is uneven and concentrated in select urban pockets. PMEGP supports enterprises across various sectors, including agro-based units, food processing, handicrafts, textile-related activities, repair services, and rural service enterprises, which align well with the resource base and skill availability of rural Rajasthan (KVIC, 2021).

The implementation of PMEGP in rural Rajasthan involves multiple institutional stakeholders, including State Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs), banks, and local administrative bodies. These institutions play a crucial role in beneficiary identification, project appraisal, training facilitation, and credit linkage. PMEGP has been particularly significant for promoting entrepreneurship among youth, women, and socially disadvantaged groups in rural areas, thereby contributing to inclusive development objectives (MSME, 2020).

Despite its potential, the performance of PMEGP in rural Rajasthan has shown variations across districts due to differences in infrastructure availability, institutional efficiency, banking support, and awareness levels among beneficiaries. Studies suggest that while the scheme has contributed to employment generation and enterprise creation, long-term sustainability of PMEGP-supported units remains a concern in certain regions (Sharma & Singh, 2018). These regional realities highlight the need to examine PMEGP not only as an employment scheme but also as a tool for sustainable entrepreneurship development in rural Rajasthan.

5. REVIEW OF LITERATURE ON PMEGP AND ENTREPRENEURSHIP DEVELOPMENT

A growing body of literature has examined the role of PMEGP in employment generation and entrepreneurship development across different regions of India. Early studies on PMEGP primarily focused on its effectiveness in creating self-employment opportunities and reducing unemployment among rural and semi-urban populations. Several researchers have reported positive outcomes in terms of enterprise establishment, income generation, and employment creation at the household level (Kumar & Kumar, 2017).

Subsequent studies have expanded the scope of analysis to assess the entrepreneurial outcomes of PMEGP-supported units. Research findings indicate that PMEGP has contributed to the development of micro-enterprises by improving access to finance and encouraging first-time entrepreneurs to enter business activities (Singh & Belwal, 2019). However, the literature also points to challenges such as delays in loan disbursement, inadequate training, and limited post-establishment support, which affect enterprise survival and growth.

Some studies have examined PMEGP from a regional perspective, highlighting variations in scheme performance across states and districts. These studies suggest that local institutional capacity, banking responsiveness, and market access play a critical role in determining the success of PMEGP enterprises (Rao & Suresh, 2020). In the context of Rajasthan, existing literature indicates that while PMEGP has supported entrepreneurship in traditional and non-farm sectors, issues related to infrastructure, skill gaps, and market linkage continue to limit long-term sustainability (Sharma & Meena, 2018).

More recent literature has begun to explore PMEGP through the lens of sustainability, focusing on enterprise continuity, income stability, and social inclusion. However, studies that explicitly integrate the concept of sustainable entrepreneurship with PMEGP implementation remain limited. This reveals a clear research gap, particularly in region-specific contexts such as rural Rajasthan, where sustainability challenges are distinct and require focused policy attention.

6. PMEGP AND SUSTAINABLE ENTREPRENEURSHIP DEVELOPMENT

The contribution of the Prime Minister Employment Generation Programme (PMEGP) to sustainable entrepreneurship can be examined through its economic, social, and environmental dimensions. Unlike short-term employment schemes, PMEGP aims to create self-sustaining enterprises that generate continuous income and employment over time. From an economic perspective, PMEGP-supported units provide beneficiaries with access to formal credit and capital subsidies, enabling them to establish micro-enterprises that would otherwise be difficult to finance (KVIC, 2021). Several studies indicate that these enterprises contribute to income stability and diversification of rural livelihoods, especially in non-farm sectors (Kumar & Kumar, 2017).

Social sustainability is another important outcome of PMEGP. The scheme places special emphasis on including youth, women, Scheduled Castes, Scheduled Tribes, and other marginalized groups in entrepreneurial activities. By encouraging self-employment among these groups, PMEGP supports social inclusion, reduces dependency on wage labour, and enhances local employment generation in rural areas (MSME, 2020). In regions like rural Rajasthan, where migration to urban areas is common due to limited opportunities, PMEGP-supported enterprises have the potential to reduce distress migration and strengthen local economies (Sharma & Singh, 2018).

Environmental sustainability, though not the primary focus of PMEGP, is indirectly supported through the promotion of village and agro-based industries, khadi production, food processing, and traditional crafts. These activities often rely on local resources and low-energy production processes, aligning with environmentally responsible business practices (Schaltegger & Wagner, 2011). However, the extent to which PMEGP enterprises actively adopt eco-friendly technologies and sustainable practices varies across sectors and regions.

Despite its positive contributions, the sustainability of PMEGP-supported enterprises depends on factors such as quality of training, access to markets, continuous institutional support, and the entrepreneurial capacity of beneficiaries. Literature suggests that while PMEGP is effective in enterprise creation, long-term sustainability requires stronger post-establishment mentoring and monitoring mechanisms (Rao & Suresh, 2020). Thus, PMEGP has significant potential to promote sustainable entrepreneurship, but its impact is uneven and influenced by implementation effectiveness.

7. CHALLENGES IN PMEGP IMPLEMENTATION IN RURAL RAJASTHAN

Although PMEGP has played an important role in promoting entrepreneurship, several challenges affect its effective implementation in rural Rajasthan. One of the major issues identified in the literature is the lack of awareness among potential beneficiaries regarding scheme features, eligibility criteria, and application procedures. Limited access to information, particularly in remote rural areas, often restricts participation and leads to underutilisation of the scheme (Government of Rajasthan, 2019).

Another significant challenge relates to access to credit and banking support. Delays in loan sanctioning, stringent documentation requirements, and risk-averse attitudes of banks towards first-time rural entrepreneurs have been frequently reported as barriers to enterprise establishment and growth (Singh & Belwal, 2019). These issues are more pronounced in rural Rajasthan, where banking infrastructure and financial literacy levels are relatively low in certain districts.

Skill development and training limitations also affect the sustainability of PMEGP-supported enterprises. While the scheme provides basic entrepreneurial training, studies indicate that the duration and quality of training are often insufficient to equip beneficiaries with market-oriented skills, financial management capabilities, and technological knowledge (Sharma & Meena, 2018). As a result, many enterprises face difficulties in scaling up or sustaining operations over time.

Post-establishment support remains another critical concern. Limited follow-up, lack of mentoring, weak market linkages, and absence of structured monitoring mechanisms reduce the long-term success rate of PMEGP enterprises. Infrastructure constraints such as poor connectivity, inadequate power supply, and limited access to raw materials further compound these challenges in rural Rajasthan (NITI Aayog, 2018).

Overall, these challenges highlight that while PMEGP provides a strong foundation for entrepreneurship development, addressing implementation gaps is essential to enhance the sustainability and long-term impact of PMEGP-supported enterprises in rural Rajasthan.

8. POLICY IMPLICATIONS AND STRATEGIC RECOMMENDATIONS

The review of literature and policy evidence highlights that PMEGP has considerable potential to promote sustainable entrepreneurship in rural Rajasthan; however, its effectiveness depends largely on implementation quality and institutional support. One of the key policy implications is the need to strengthen awareness-generation mechanisms at the grassroots level. Local institutions such as Panchayats, self-help groups, and rural development agencies should be actively involved in disseminating information about PMEGP to ensure wider participation, especially among marginalized groups (Government of India, 2020).

Improving credit accessibility is another critical policy priority. Banks and financial institutions should adopt more supportive and flexible approaches towards first-time rural entrepreneurs, including simplified documentation procedures and timely loan disbursement. Capacity-building programmes for bankers on entrepreneurship promotion could help reduce risk aversion and improve coordination between implementing agencies and financial institutions (MSME, 2020).

The sustainability of PMEGP-supported enterprises can also be enhanced by strengthening skill development and training components. Training programmes should go beyond basic orientation and include modules on financial management, marketing, digital literacy, and business sustainability. Sector-specific and region-specific training would be particularly beneficial for rural Rajasthan, where local resources and market conditions vary significantly (NITI Aayog, 2018).

Finally, there is a strong need for structured post-establishment support mechanisms. Regular monitoring, mentoring, and market linkage support can improve enterprise survival rates and long-term sustainability. Integrating PMEGP with other government initiatives related to digital entrepreneurship, green enterprises, and rural value chains could further enhance its developmental impact.

9. RESEARCH GAPS AND FUTURE RESEARCH DIRECTIONS

Despite a growing body of literature on PMEGP, several research gaps remain, particularly in relation to sustainable entrepreneurship. Most existing studies focus primarily on employment generation, subsidy utilisation, and short-term outcomes, with limited attention to long-term enterprise sustainability and survival rates. There is a need for more longitudinal studies that examine the performance of PMEGP-supported enterprises over time.

Another significant research gap relates to region-specific analysis. While national-level and state-level studies are available, district-wise and sector-specific evaluations of PMEGP in rural Rajasthan are limited. Future research could explore how local factors such as infrastructure availability, market access, and institutional capacity influence entrepreneurial outcomes.

Limited research has also been conducted on environmental sustainability aspects of PMEGP-supported enterprises. Future studies could examine the adoption of eco-friendly practices, resource efficiency, and the potential role of PMEGP in promoting green and sustainable rural industries. Additionally, comparative studies across states or between different employment programmes could provide valuable insights into best practices and policy effectiveness.

10. CONCLUSION

Government employment programmes play a vital role in addressing rural unemployment and promoting entrepreneurship-led development in India. This review paper examined the role of the Prime Minister Employment Generation Programme (PMEGP) in promoting sustainable entrepreneurship in rural Rajasthan. The review highlights that PMEGP has contributed significantly to employment generation, income diversification, and the development of micro-enterprises, particularly among youth, women, and socially disadvantaged groups. At the same time, the findings indicate that the sustainability of PMEGP-supported enterprises remains uneven due to challenges related to awareness, credit access, skill development, and post-establishment support. While the scheme provides a strong foundation for entrepreneurship development, its long-term impact depends on effective implementation, institutional coordination, and continuous policy support.

Overall, PMEGP has the potential to serve as a key instrument for sustainable rural entrepreneurship development in Rajasthan. Strengthening policy design, improving implementation mechanisms, and addressing identified gaps can enhance the programme's contribution to inclusive and sustainable economic development.

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