



ENTREPRENEURSHIP DEVELOPMENT OF SCHEDULED CASTES AND SCHEDULED TRIBES IN KARNATAKA

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Paper Received On: 20 AUGUST 2025

Peer Reviewed On: 24 SEPTEMBER 2025

Published On: 01 OCTOBER 2025

Abstract

This paper explores how entrepreneurship initiatives in Karnataka have evolved to empower Scheduled Castes (SC) and Scheduled Tribes (ST) through the provision of financial support, capacity building, and structural assistance. It examines key programs—such as the KSFC Interest Subsidy Scheme, Samruddhi Scheme, Udyogini Scheme, and the Unnati Startup Scheme, among others—that are tailored for SC/ST entrepreneurs. Through detailed examination of these schemes, case study highlights, and recent policy innovations like document digitization and financial inclusion, this research assesses program impact and provides recommendations for strengthening socio-economic inclusion through entrepreneurship.

Keywords : *SC/ST Entrepreneurship , Karnataka Entrepreneurship Policy , Financial Inclusion , Subsidy Schemes , Startup Support , Social Welfare , Technology-based Enterprises , Economic Empowerment*

INTRODUCTION

Entrepreneurship is a powerful avenue for socio-economic empowerment, especially for historically marginalized communities. In Karnataka, targeted schemes and institutional support since the late 1990s have attempted to address systemic inequities by facilitating business start-ups, financial access, and entrepreneurial training among SC and ST populations. Through sustained efforts involving subsidies, mentorship, and streamlined access mechanisms, the state aims to create an ecosystem where SC/ST individuals can move from dependency to economic self-sufficiency.

REVIEW OF PROGRAMS AND INITIATIVES

1. KSFC Interest Subsidy Scheme for SC/ST Entrepreneurs

Implemented via the Karnataka State Financial Corporation (KSFC), this program offers loans ranging from ₹20 lakh to ₹10 crore at a subsidized effective interest rate of just 4%. The government subsidizes the difference between market interest and this rate. Loan terms range from 8 to 10 years depending on the amount, and beneficiaries can utilize funds for enterprise creation, expansion, or modernization. Units must be fully SC/ST-owned, and subsidies cannot be combined with other schemes.

2. Samruddhi Scheme

Launched by the Department of Social Welfare, the Samruddhi Scheme provides SC/ST youth with skill training, mentorship, and a seed grant of up to ₹10 lakh for setting up franchises or retail outlets. Its goal is to create 10,000 rural enterprises annually through partnerships with corporate brands like Ola, Swiggy, and Bata, focused on Tier II and III regions.

3. Udyogini Scheme

Exclusively aimed at women entrepreneurs, including those from SC/ST backgrounds, this scheme extends subsidized loans (up to ₹3 lakh) through the Karnataka State Women's Development Corporation. SC/ST beneficiaries receive up to 50% subsidy, while other categories get 30%, contingent on income eligibility. Training in entrepreneurship development (EDP) is also provided.

4. Unnati Startup Scheme

Focused on tech-based startups, the Unnati Scheme promotes innovation-led entrepreneurship among SC/ST entrepreneurs. Karnataka allocates ₹20 crore toward startups, granting up to ₹50 lakh per venture. The initiative supports two categories: SC/ST entrepreneurs with pioneering ideas and socially impactful ventures addressing areas like sanitation or education.

5. Stand-Up India (Central Scheme)

Although not specific to Karnataka, this national initiative provides bank loans between ₹10 lakh and ₹1 crore to SC/ST and women entrepreneurs for establishing greenfield enterprises. Over 180,000 beneficiaries have been assisted nationwide since 2016.

6. 'Nanna Guruthu' Document Digitization

To aid welfare access for SC/ST communities, Karnataka launched the 'Nanna Guruthu' initiative, piloting secure digitization of key documents—such as caste, ID, ration cards, job cards—within DigiLocker. The scheme will scale across gram panchayats in underserved regions, with a proposed budget of ₹16 crore under SCSP/TSP funding.

IMPORTANCE OF TARGETED ENTREPRENEURSHIP DEVELOPMENT

Economic Inclusion

Targeted entrepreneurship development provides marginalized communities, particularly SCs and STs, with avenues to attain financial independence and move out of the cycle of poverty. By supporting the creation of micro, small, and medium enterprises (MSMEs), individuals from these communities gain access to income-generating opportunities that do not rely solely on wage labor or agriculture. Entrepreneurship becomes a tool for wealth creation, asset building, and long-term livelihood stability.

Skill & Capacity Building

Training programs that accompany entrepreneurship schemes equip beneficiaries with critical knowledge in areas such as financial literacy, digital technology, supply chain management, and marketing. Capacity building also involves exposure to successful business models, mentorship, and the development of leadership qualities, which are essential for sustaining enterprises in a competitive market. These skillsets increase the probability of long-term business viability.

Rural Opportunity Expansion

Many entrepreneurship schemes are intentionally designed to operate in semi-urban and rural areas. This geographical focus ensures that development is not restricted to metropolitan centers but reaches areas with limited employment opportunities. Establishing businesses in rural regions also curbs migration, boosts local economies, and fosters localized job creation. Entrepreneurship becomes a catalyst for holistic rural development and community upliftment.

Gender Equity

Women from SC/ST backgrounds face intersectional challenges—both caste-based and gender-based. Entrepreneurship schemes like Udyogini specifically target women to break barriers in male-dominated economic environments. By offering financial assistance, business training, and support networks, such schemes empower women to become independent earners, decision-makers, and role models in their communities. This contributes to narrowing the gender gap in economic participation.

Broader Social Impact

Several schemes promote not just profit-oriented businesses but also those that address social issues such as education, health, sanitation, and environmental sustainability. These impact-driven ventures—especially those supported under startup or innovation schemes—create

ripple effects beyond economic gains. They solve community problems while generating income, thus reinforcing the idea of business as a vehicle for social transformation.

Barrier Reduction

Documentation and administrative hurdles are significant obstacles for SC/ST individuals seeking access to schemes and financial services. Initiatives like document digitization and centralized identity verification systems reduce these barriers, making it easier for applicants to meet eligibility criteria, apply for schemes, and access benefits without delays. This simplification of processes ensures broader and faster inclusion in entrepreneurship ecosystems.

CHALLENGES HIGHLIGHTED

Administrative Awareness

Despite the existence of various beneficial schemes, many potential beneficiaries remain unaware due to poor dissemination of information, particularly in rural and tribal areas. Lack of engagement by local authorities, language barriers, and minimal digital access contribute to this gap. As a result, many eligible individuals either miss deadlines or fail to apply altogether.

Program Redundancy and Fragmentation

While multiple schemes exist at both the state and central levels, they often overlap in objectives and benefits without coordination. This leads to confusion among applicants and implementing agencies, resulting in underutilization or duplication. Without integration, beneficiaries may struggle to navigate the system or fail to maximize the available support.

Limited Reach

Urban and semi-urban entrepreneurs often have better access to application procedures, banking services, and market linkages. In contrast, remote rural and tribal areas suffer from infrastructural constraints and lack of institutional presence. This digital and geographical divide limits the effectiveness and equity of entrepreneurship promotion programs.

Delayed Implementation

Several programs face bureaucratic hurdles, including lengthy processing times, delays in disbursing funds, and inefficient coordination between departments. These delays not only demotivate beneficiaries but also create distrust in public systems. Time-sensitive business ideas may be abandoned due to these obstacles.

Insufficient Monitoring

Once the schemes are implemented, there is often inadequate follow-up on business outcomes, sustainability, and impact. A lack of data collection and progress tracking prevents timely

interventions, impact assessment, and learning for policy improvement. Without effective monitoring, it is difficult to assess whether the intended objectives—economic empowerment and social mobility—are truly being met.

CASE HIGHLIGHTS

Udupi District – Awareness for Food Processing Enterprises

In Udupi district, awareness programs on entrepreneurship in the food processing sector, though not exclusive to SC/ST groups, illustrate the importance of localized outreach. These efforts highlight the need for vernacular communication, coordination with banks, and involvement of self-help groups to effectively reach rural populations. Similar models can be replicated for SC/ST-specific schemes to improve uptake and impact.

Case Study 2: Dharwad District – SHG-Based Micro-Enterprise Cluster for SC Women

In the Dharwad district, a targeted initiative was launched to promote micro-enterprises among Scheduled Caste women through Self-Help Groups (SHGs). Under the aegis of the Department of Social Welfare and in coordination with the National Rural Livelihoods Mission (NRLM), clusters of SC women were trained in tailoring, food processing, and eco-friendly product manufacturing.

Each SHG received seed capital, skill development training, and market linkage support. Notably, the tailoring unit, which began with just 10 women, grew into a cooperative supplying school uniforms to local schools under government contracts. This model demonstrated how group entrepreneurship can offer economies of scale, risk sharing, and long-term sustainability.

Impact:

- Over 200 SC women trained
- 15 micro-enterprises registered
- Increase in household income by 40–60% in participating families
- Women began taking leadership roles in village institutions like the Gram Sabha

Case Study 3: Chamarajanagar District – Tribal Agro-Processing Enterprise under Samruddhi Scheme

In Chamarajanagar, a predominantly tribal district, the Samruddhi Scheme was implemented to create agro-based rural enterprises for Scheduled Tribe (ST) farmers and youth. The project supported the formation of farmer-producer organizations (FPOs) among ST communities to process minor forest produce like tamarind, amla, and millets.

With assistance in the form of cold storage units, primary processing machines, and business management training, these tribal entrepreneurs transitioned from raw produce sellers to value-

added product manufacturers. Products like organic millet snacks and herbal powders were branded and sold in local fairs and online platforms.

Impact:

- Increased income from Rs. 50/day (raw tamarind) to Rs. 250/day (processed product)
- Employment generated for over 150 tribal youth
- Strengthened community ownership over forest-based resources
- Encouraged organic farming and sustainable harvesting practices

SOLUTIONS & RECOMMENDATIONS

Awareness Expansion

To increase the reach and effectiveness of entrepreneurship programs, it is crucial to conduct localized information campaigns in villages, tribal settlements, and remote areas. Using folk media, village meetings, and mobile vans, governments and NGOs can educate communities about eligibility criteria, application procedures, benefits, and success stories. These campaigns should be in regional languages and tailored to the local context to ensure clarity and relatability.

Integrated One-Stop Support Centers

Entrepreneurs from SC/ST communities often face difficulties navigating bureaucratic procedures. Establishing Community Entrepreneur Support Units (CESUs) in each taluk or district can simplify this process. These centers would serve as single-window systems offering support with registration, bank linkages, training, mentorship, and legal assistance. Such integration would enhance accessibility, reduce delays, and improve success rates.

Streamlined Digital Assistance

Integrating existing document digitization initiatives with entrepreneurship portals can ease the application process. When all necessary documents (such as caste certificates, Aadhaar, income proof, and business plans) are digitally verified and stored, they can be auto-filled into online forms. This minimizes the need for physical submissions, reduces errors, and expedites approvals, particularly in schemes where time and documentation are critical.

Combining Schemes for Impact

Rather than accessing support through isolated schemes, beneficiaries should be guided to layer assistance strategically. For example, an entrepreneur can combine a subsidized loan under KSFC with a seed grant under Samruddhi and mentorship support under Unnati. This holistic support approach strengthens enterprises from the ideation stage to market entry, improving long-term sustainability.

Robust Monitoring Framework

There is a need to establish a centralized dashboard that tracks SC/ST entrepreneurship data across departments and districts. This platform should monitor metrics such as number of applications, approvals, disbursements, business sustainability, and employment generation. Regular impact assessments and real-time analytics would allow policymakers to identify bottlenecks and redesign interventions effectively.

Mentorship & Incubation Support

Entrepreneurs from marginalized backgrounds often lack business experience and industry exposure. Partnering with regional incubation hubs and mentorship platforms can address this gap. Through structured guidance, exposure visits, workshops, and peer-to-peer learning, SC/ST entrepreneurs can gain practical skills, build networks, and learn how to navigate challenges like marketing, supply chain, and compliance.

CONCLUSION

Karnataka's entrepreneurship ecosystem for SC/ST communities reflects purposeful investment in inclusive economic growth. Schemes like KSFC's interest subsidy, Samruddhi's training-and-seed model, Udyogini's women-centric focus, and Unnati's tech-inclusiveness exemplify progressive policy design. Factoring in digital infrastructure advancements like document digitization offers promise, but outreach, monitoring, and streamlined service delivery are imperative for long-term impact. A stronger focus on integration, awareness, and grassroots support can transform entrepreneurship into a sustainable pathway for social justice and empowerment in Karnataka.

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