

Problems and Prospects of State Government Schemes on Entrepreneurship Development in Kalyana Karnataka: A Survey Of Entrepreneurs

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Abstract:

State schemes are central to entrepreneurship development in Kalyana Karnataka, a seven-district region granted special status under Article 371(J) of the Constitution of India because of its relative backwardness. This study examines how entrepreneurs experience seven state schemes, focusing on awareness, utilisation, satisfaction, problems and prospects. Primary data were collected from 150 entrepreneurs through a structured questionnaire between April 2024 and March 2025 and analysed with descriptive statistics, item ranking, Welch t-tests, one-way ANOVA, chi-square tests, logistic regression and ordinary least squares. Awareness of individual schemes was moderate (55–65%), but utilisation was low (9–27%); 74.7% of respondents had availed at least one scheme. The most serious problems were lack of training and handholding (mean 3.72), low grass-root awareness (3.70), weak marketing support and low digital literacy (3.69 each), whereas political interference ranked lowest (2.82). Beneficiaries reported higher prospects (3.40 vs 3.09) and overall satisfaction (3.50 vs 2.76) than non-beneficiaries, and attending an entrepreneurship development programme (EDP) raised the odds of availing a scheme almost twelvefold in a multivariable model (odds ratio 11.98, 95% CI 4.87–29.48). Perceptions did not differ significantly across districts, and availing was unrelated to gender, social category or locality. The results suggest that training-linked outreach, simpler and digitally supported procedures and faster release of funds deserve priority.

Keywords: Entrepreneurship development; Government schemes; Kalyana Karnataka; MSMEs; Problems and prospects; Regional development.

JEL classification: L26; R58; H81

1. Introduction

Few ideas in economics have survived as long as the notion that new enterprises drive economic change. Schumpeter (1934) cast the entrepreneur as the agent who disturbs established patterns by combining resources in new ways, and later scholars have recast the same insight as the discovery, evaluation and exploitation of opportunities by particular individuals (Shane & Venkataraman, 2000). If enterprise formation matters for incomes and jobs, it follows that places where enterprise is scarce attract the attention of policymakers, who typically respond with credit-linked subsidies, concessional finance, skill training and incentive packages designed to lower the cost of starting and running a small business.

India has built a particularly dense architecture of such support. Central and state governments, public-sector banks and dedicated corporations all operate schemes for micro, small and medium enterprises (MSMEs). The availability of a scheme, however, is only the first link in a chain. An entrepreneur must hear about it, judge it worth the effort, complete the application, obtain a sanction from a bank or an office, receive the money in reasonable time and then find the benefit useful. A weakness at any link will dilute the intended effect, and administrative target and achievement reports, which count sanctions and disbursements, say little about where entrepreneurs themselves feel the chain is breaking.

This question is acute in Kalyana Karnataka, the north-eastern region of Karnataka that was long known as Hyderabad-Karnataka. Because of its relative backwardness the region was given special constitutional provisions in 2012, and entrepreneurship promotion is one of the channels through which the state hopes to close the gap with the rest of Karnataka. It is therefore worth asking whether entrepreneurs across the region's seven districts are aware of the schemes on offer, whether they use them, what obstructs them and what they expect in return.

This paper addresses that gap with a survey of entrepreneurs in all seven districts. It has five objectives: (i) to measure awareness, utilisation and satisfaction for seven state schemes; (ii) to identify and rank the problems entrepreneurs face; (iii) to assess the prospects they perceive; (iv) to test whether perceptions and outcomes differ by beneficiary status, training participation and district; and (v) to draw out implications for policy. The contribution is empirical and practical: the study documents a large gap between awareness and use, shows that the main complaints concern soft rather than hard constraints, and identifies entrepreneurship development training as the strongest correlate of obtaining support. Section 2 describes the study context, Section 3 reviews the literature and states hypotheses, Section 4 sets out the methodology, Section 5 reports results, Section 6 discusses them, and Sections 7 to 9 present policy implications, limitations and conclusions.

2. Study context

Kalyana Karnataka, formerly Hyderabad-Karnataka, consists of seven districts: Kalaburagi, Bidar, Raichur, Koppal, Ballari, Yadgir and Vijayanagara. The area joined the then Mysore State in 1956. In recognition of its relative backwardness, Article 371(J) was inserted in the Constitution of India by the Constitution (Ninety-eighth Amendment) Act, 2012 (Government of India, 2012), and the region was renamed Kalyana Karnataka in 2019. Vijayanagara, carved out of Ballari, is the newest district; it is treated here as a separate district, as in the field survey. Entrepreneurs in the region can approach several state agencies, among them the District Industries Centres, the Karnataka State Financial Corporation (KSFC), the Karnataka State Small Industries Development Corporation (KSSIDC), the development corporations, and the Centre for Entrepreneurship Development of Karnataka (CEDOK) and the Karnataka Skill Development Corporation (KSDC) for training. The questionnaire covers seven schemes or scheme families: CMEGP, Udyogini, Swavalambi Sarathi, Karnataka Industrial Policy incentives, KSFC / KSSIDC support, Development Corporation programmes and CEDOK / KSDC programmes.

3. Review of literature and hypotheses

3.1 Entrepreneurship and the case for public support

The opportunity-based view of entrepreneurship holds that outcomes depend on the interaction between individuals who differ in information and ability and the opportunities that exist around them (Shane & Venkataraman, 2000). Public programmes intervene on both sides: they try to widen the opportunity set, for example through infrastructure and subsidised finance, and to raise individual capability through training and counselling. The growth of formal entrepreneurship education and training, and the difficulty of designing programmes that really change behaviour, have been documented by Kuratko (2005).

3.2 Finance and credit constraints

Finance is the constraint most often associated with small enterprises. Beck and Demirgüç-Kunt (2006) reviewed the evidence on small and medium-sized firms and concluded that access to finance is a growth constraint that bears more heavily on small firms than on large ones. For India, Banerjee and Duflo (2014) used a change in eligibility for directed bank credit to show that eligible firms used the additional credit to expand production and did not simply substitute it for other borrowing, which indicates that many firms had been severely credit constrained. These findings give a clear rationale for credit-linked schemes, but they also imply that benefits depend on banks actually lending, a point that the present survey can examine through respondents' ratings of bank reluctance and collateral requirements.

3.3 Training, handholding and programme design

Evidence on training is more guarded. McKenzie and Woodruff (2014) reviewed impact evaluations of business training in developing countries. They noted that many evaluations suffer from small samples and short follow-up, found relatively modest effects on the survival of existing firms, and found stronger evidence that training helps prospective owners launch new businesses more quickly. A meta-regression of 37 evaluations by Cho and Honorati (2014) found large positive effects on business knowledge and practice, especially for young people, but no immediate translation into business start-up, expansion or income. The same study found that a package combining training and finance worked better for labour-market outcomes, that financing support appeared more effective for women, and that business training was more effective for existing entrepreneurs.

Two implications follow for this study. First, training and finance are likely to be complements rather than substitutes, so the link between attending a training programme and obtaining a financial scheme deserves direct examination. Second, because the international evidence on income and profit effects is modest and mostly short-run, expectations about what a cross-sectional survey can show about enterprise performance should be restrained.

3.4 Indian evidence on MSME constraints and public policy

Indian studies on small enterprises point in a similar direction. In a systematic review of the MSME literature, Bisht and Singh (2020) grouped the challenges facing Indian MSMEs into five categories (finance, human resources, markets and exports, technology and infrastructure, and government) and recommended simpler loan disbursement, acceptance of alternative forms of collateral and upgrading of skills. Nanda and Kumar (2023) mapped the challenges faced by MSMEs to the policies and schemes of the Government of India and concluded that implementation needs to be more effective and coverage of MSMEs wider. Mukherjee (2018) examined the challenges to Indian MSMEs as globalisation advanced and described the sector as lagging behind rival firms. These contributions deal mainly with the sector as a whole and with national policy, and they rely largely on reviews and secondary material.

3.5 Research gap and hypotheses

The studies above are mainly concerned with whether programmes change outcomes, or with sector-wide challenges. This paper adds respondent-level evidence from one lagging region on how entrepreneurs perceive a group of state schemes, where they feel the process falters, and who actually gets through. Drawing on the evidence reviewed, the study tests the following hypotheses.

- H1: Beneficiaries report a higher Prospect Index than non-beneficiaries.

- H2: Beneficiaries report higher overall satisfaction than non-beneficiaries.
- H3: Beneficiaries perceive fewer problems (a lower Problem Index) than non-beneficiaries.
- H4: Attending an entrepreneurship development programme (EDP) is positively associated with availing at least one scheme.
- H5: The Problem Index and the Prospect Index differ across districts.
- H6: Availing a scheme is associated with gender, social category, area type or district.
- H7: Beneficiaries differ from non-beneficiaries in annual turnover and employment.

4. Research methodology

4.1 Design, area and sample

The study uses a cross-sectional, descriptive and analytical design (Kothari, 2004). Primary data were collected from 150 entrepreneurs located in all seven districts of Kalyana Karnataka between 1 April 2024 and 28 March 2025. The district distribution of the sample was Kalaburagi (35), Bidar (22), Raichur (24), Koppal (16), Ballari (20), Yadgir (18) and Vijayanagara (15). The study does not rely on a probability sampling frame: respondents were contacted in the field and took part voluntarily, so the sample is not claimed to be statistically representative of all entrepreneurs in Kalyana Karnataka. Respondents' names, villages and contact details were not used in the analysis.

4.2 Instrument and measures

Data were gathered with a structured questionnaire that had six parts: personal profile; enterprise profile; awareness of, and participation in, seven state schemes; satisfaction with each scheme used; perceived problems (15 items, P1 to P15); and perceived prospects (eight items, R1 to R8). Awareness and participation were recorded as yes or no for each scheme, and satisfaction was rated from 1 (very low) to 5 (very high). The problem and prospect items were rated on five-point Likert scales (Likert, 1932), with 5 indicating the strongest agreement that the problem is serious or that the prospect is favourable. Respondents also gave an overall satisfaction rating, stated whether they would recommend the schemes to others, and chose one suggestion for improving them from a closed list. The full item wording is given in Tables 3 and 4.

Two composite measures were derived. The Problem Index is each respondent's mean rating across P1 to P15, and the Prospect Index is the mean across R1 to R8. A respondent who had availed at least one of the seven schemes was classified as a beneficiary. Item ranking uses the mean score; the relative importance index (the mean divided by five) gives the same ordering and is therefore not reported separately.

4.3 Reliability and data screening

Internal consistency was weak. Cronbach's alpha (Cronbach, 1951) was 0.04 for the 15 problem items and 0.21 for the eight prospect items, far below the conventional benchmark of 0.70 (Nunnally, 1978). Low alpha can arise from few items, weak interrelatedness or heterogeneous constructs (Tavakol & Dennick, 2011). Here the inter-item correlations are close to zero, which means that the items capture distinct concerns, not a single latent dimension. The composite indices are therefore treated only as descriptive summaries, the principal conclusions rest on item-level results, and no claim is made that the indices measure unitary constructs.

Screening of the 150 records found no missing values in the core variables; satisfaction ratings were, as intended, recorded only for schemes that a respondent had availed. Four respondent-scheme pairs showed that a scheme had been availed although the respondent reported no awareness of it. These entries were retained as reported because the direction of the error cannot be established, and removing them does not alter any conclusion.

4.4 Analytical strategy

Descriptive statistics (frequencies, means and standard deviations) profile the sample and rank the items. Differences between beneficiaries and non-beneficiaries were tested with Welch's (1947) t-test, which does not assume equal variances, and summarised with Cohen's (1988) d. Differences across districts were tested with one-way analysis of variance, and associations between availing and categorical characteristics with Pearson chi-square tests, without continuity correction, together with Cramér's (1946) V. Because the ratings are ordinal, Mann-Whitney U tests were run as a robustness check. A logistic regression modelled the probability of availing at least one scheme, and ordinary least squares regressions modelled the Prospect Index and overall satisfaction, each with a common set of controls. The significance level was 5%. Because twelve primary tests are reported, a Bonferroni threshold of about 0.004 is also noted; all results described as significant are below 0.001 and are unaffected. The main tests were computed with live formulas in a spreadsheet and cross-checked with independent calculations in Python (SciPy and NumPy).

Participation was voluntary. Respondents were told the purpose of the survey, no names or contact details were used in the analysis, and results are reported only in aggregate. The survey involved no intervention and collected no sensitive medical or financial account information.

5. Results

5.1 Profile of respondents

Table 1 shows that the sample covers all seven districts, with Kalaburagi the largest share (23.3%). Men accounted for 55.3% of respondents and women for 42.0%. 36.0% belonged to Scheduled Castes or Scheduled Tribes, and 46.0% operated in rural areas. Micro enterprises made up 76.0% of the sample, and 75.3% were sole proprietorships. Their mean age was 34.8 years (SD 8.3), with 4.2 years of prior experience on average; mean annual family income was Rs 46,033, mean annual turnover Rs 751,056 and mean employment 6.0 persons including the owner. 64.0% had attended an EDP.

Table 1. Profile of respondents (N = 150)

Characteristic	n	%	Characteristic	n	%
District			Gender		
Kalaburagi	35	23.3	Male	83	55.3
Bidar	22	14.7	Female	63	42.0
Raichur	24	16.0	Other	4	2.7
Koppal	16	10.7	Social category		
Ballari	20	13.3	General	41	27.3
Yadgir	18	12.0	OBC	55	36.7
Vijayanagara	15	10.0	SC	29	19.3
Area type			ST	25	16.7
Rural	69	46.0	Education		
Semi-urban	57	38.0	Illiterate	2	1.3
Urban	24	16.0	Primary	10	6.7
Enterprise scale			High school	41	27.3
Micro	114	76.0	PUC / Diploma / ITI	42	28.0
Small	29	19.3	Graduate	39	26.0
Medium	7	4.7	Postgraduate	16	10.7
Ownership			Sector		
Sole proprietorship	113	75.3	Agro / Food processing	30	20.0
Cooperative / SHG	14	9.3	Manufacturing	28	18.7
Private Ltd / LLP	13	8.7	Retail / Trading	24	16.0
Partnership	10	6.7	Textile / Garment	23	15.3
			Service	23	15.3
			Handicraft / Artisan	22	14.7

Source: field survey, 2024-25. Percentages are shares of the total sample.

5.2 Awareness, utilization and satisfaction

Awareness was moderate and fairly even across schemes, from 54.7% for KSFC / KSSIDC support to 64.7% for CEDOK / KSDC programmes; respondents were aware of 4.23 of the seven schemes on average. Utilisation was much lower (Figure 1 and Table 2). Udyogini was the most widely availed scheme (26.7% of respondents) and CMEGP the least (9.3%), so the gap between awareness and use ranged from 34.0 to 54.7 percentage points. Overall, 112 respondents (74.7%) had availed at least one scheme, and the mean number of schemes availed was 0.95.

Among beneficiaries, the mean loan sanctioned was Rs 293,750, the mean subsidy received was Rs 70,769, and sanction took 4.4 months on average (SD 2.0). Mean satisfaction ranged from 3.00 for Swavalambi Sarathi to 3.64 for CMEGP (Figure 2). The confidence intervals overlap and the subsamples are small (n = 14 to 40), so the ranking of schemes by satisfaction should be read with caution. 68.0% of all respondents said they would recommend the schemes to others.

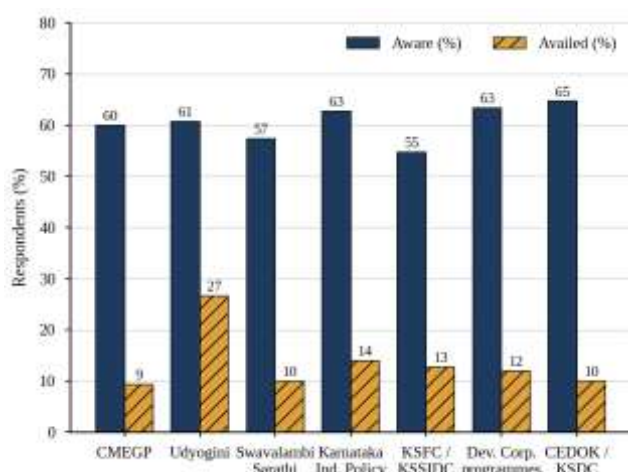


Figure 1. Awareness of and availing of state schemes (% of respondents, N = 150).

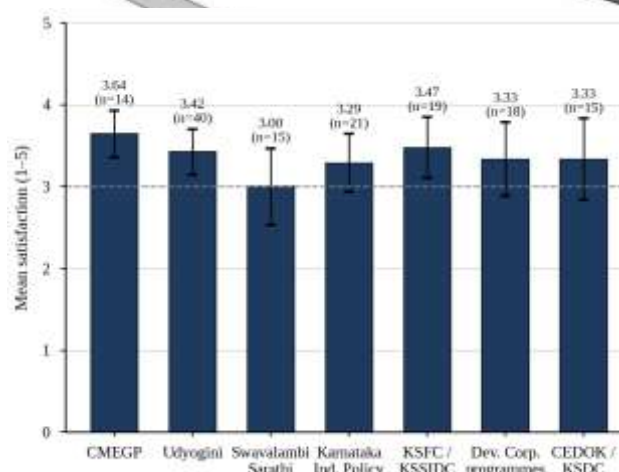


Figure 2. Mean satisfaction of beneficiaries by scheme (error bars: 95% confidence interval; dashed line: neutral score of 3).

Table 2. Awareness, availing and satisfaction by scheme

Scheme	Aware, n (%)	Availed, n (%)	Gap (pp)	Satisfaction, mean (SD)	n rated
CMEGP	90 (60.0)	14 (9.3)	50.7	3.64 (0.50)	14
Udyogini	91 (60.7)	40 (26.7)	34.0	3.42 (0.87)	40
Swavalambi Sarathi	86 (57.3)	15 (10.0)	47.3	3.00 (0.85)	15
Karnataka Industrial Policy incentives	94 (62.7)	21 (14.0)	48.7	3.29 (0.78)	21
KSFC / KSSIDC support	82 (54.7)	19 (12.7)	42.0	3.47 (0.77)	19
Development Corporation programmes	95 (63.3)	18 (12.0)	51.3	3.33 (0.91)	18
CEDOK / KSDC programmes	97 (64.7)	15 (10.0)	54.7	3.33 (0.90)	15

Gap = awareness share minus availing share, in percentage points. Satisfaction is rated 1 to 5 by respondents who availed the scheme.

5.3 Problems faced by entrepreneurs

Table 3 ranks the problems by mean score and Figure 3 shows the distribution of ratings. Lack of training and handholding (P11, mean 3.72) and low awareness at the grass-root level (P1, 3.70) headed the list, followed by weak marketing support (P10) and low digital literacy (P14), both 3.69. Complicated procedures (P2) and delays in sanction and release (P3), at 3.66 each, came next, then poor cooperation from officials (P7, 3.65) and bank reluctance and collateral requirements (P4, 3.59). Between 56% and 62% of respondents rated each of these eight problems 4 or 5. The middle of the ranking was occupied by input shortages, infrastructure, corruption, inadequate subsidy and regional backwardness (means 3.28 to 3.33). At the bottom were poor follow-up and monitoring (P13, 3.13) and political interference (P15, 2.82), the latter rated high by only 18.0% of respondents. The mean Problem Index was 3.45 (SD 0.20). Taken together, the ranking indicates that capacity, information and administrative friction weigh more heavily than infrastructure or the size of the subsidy, and that few respondents see selection as the main barrier

Table 3. Ranking of problems by mean score (five-point scale)

Rank	Problem	Mean	SD	% high (4–5)	% low (1–2)
1	P11 Lack of training and handholding	3.72	0.75	62.0	4.0
2	P1 Low awareness of schemes at the grass-root level	3.70	0.81	62.0	6.0
3	P10 Lack of marketing support	3.69	0.80	56.0	4.0
3	P14 Low digital literacy and portal difficulties	3.69	0.79	61.3	6.0
5	P2 Complex procedures and documentation	3.66	0.78	58.7	6.0
5	P3 Delay in sanction and release of funds	3.66	0.77	57.3	4.7
7	P7 Poor cooperation from officials	3.65	0.84	58.7	8.7
8	P4 Bank reluctance and collateral requirements	3.59	0.74	56.0	5.3
9	P9 Shortage of raw material and skilled labour	3.33	0.78	38.0	12.0
10	P8 Inadequate infrastructure	3.31	0.77	40.0	12.7
11	P6 Corruption and lack of transparency	3.30	0.77	38.7	12.7
12	P5 Inadequate subsidy or margin money	3.28	0.76	37.3	12.0
12	P12 Regional backwardness and migration	3.28	0.72	38.7	13.3
14	P13 Poor follow-up and monitoring	3.13	0.82	32.0	18.0
15	P15 Political interference and favouritism	2.82	0.80	18.0	29.3

Source: field survey, 2024–25 (N = 150). Tied items share a rank. Problem Index: mean 3.45, SD 0.20, Cronbach's $\alpha = -0.04$.

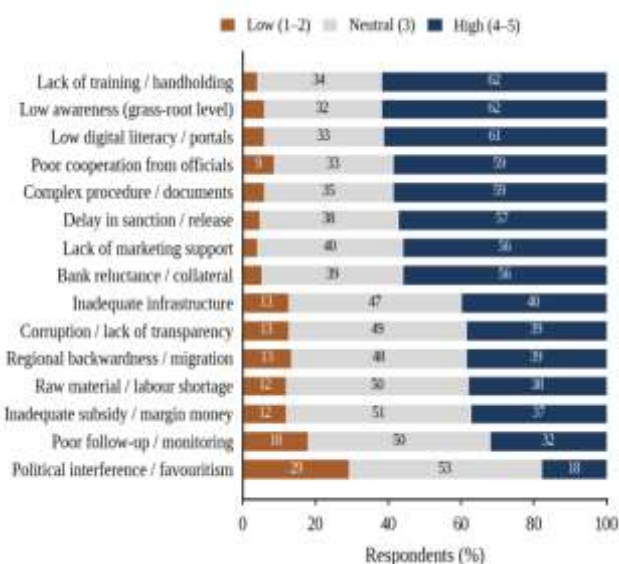


Figure 3. Ratings of problems P1 to P15 (% of respondents; items sorted by share rating 4 to 5).

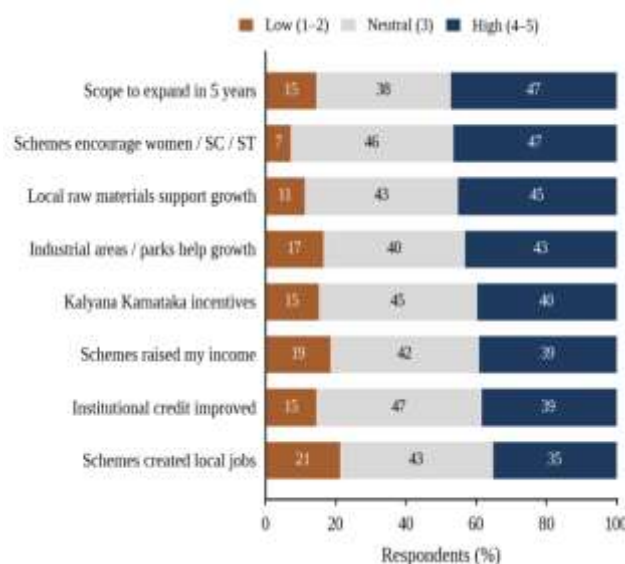


Figure 4. Ratings of prospects R1 to R8 (% of respondents; items sorted by share rating 4 to 5).

5.4 Prospects of the schemes

Respondents were moderately positive about prospects (Prospect Index 3.32, SD 0.33; Table 4 and Figure 4). Three items scored highest: the inclusion of women and SC / ST entrepreneurs (R7, 3.45), the support offered by local raw materials (R5, 3.42) and the scope to expand within five years (R3, 3.38); 45% to 47% of respondents rated each of them 4 or 5. Perceived gains in income (R1, 3.23) and local employment (R2, 3.15) scored lowest, and only 35.3% rated employment effects high. The pattern suggests that respondents see room for growth and inclusion, but fewer report income and employment gains that have already materialised.

Table 4. Ranking of prospects by mean score (five-point scale)

Rank	Prospect	Mean	SD	% high (4–5)	% low (1–2)
1	R7 Schemes encourage women and SC / ST entrepreneurs	3.45	0.75	46.7	7.3
2	R5 Local raw materials support growth	3.42	0.82	45.3	11.3
3	R3 Scope to expand in the next five years	3.38	0.85	47.3	14.7
4	R8 Industrial areas and parks support growth	3.33	0.87	43.3	16.7
5	R4 Kalyana Karnataka incentives are beneficial	3.30	0.89	40.0	15.3
6	R6 Access to institutional credit has improved	3.29	0.81	38.7	14.7
7	R1 Schemes have raised my income	3.23	0.87	39.3	18.7
8	R2 Schemes have created local employment	3.15	0.84	35.3	21.3

Source: field survey, 2024–25 (N = 150). Prospect Index: mean 3.32, SD 0.33, Cronbach's $\alpha = 0.21$.

5.5 District differences

The Problem Index ranged from 3.41 in Ballari to 3.52 in Yadgir, and the Prospect Index from 3.26 in Raichur to 3.51 in Vijayanagara (Figure 5). Neither difference was statistically significant: for the Problem Index $F(6, 143) = 0.89$, $p = 0.505$, and for the Prospect Index $F = 1.10$, $p = 0.367$. The share of respondents who had availed a scheme varied from 68.8% to 80.0%, but district was not associated with availing ($\chi^2 = 1.16$, $p = 0.979$). The district means are plotted in Figure 5, with sample sizes in brackets. With only 15 to 35 respondents per district, the test can detect only fairly large differences, so the result shows an absence of clear district contrasts, not proof that none exist.

5.6 Beneficiaries and non-beneficiaries

Beneficiaries and non-beneficiaries perceived similar problems (3.46 vs 3.44, $t = 0.56$, $p = 0.580$), so H3 is not supported. They differed sharply on the other two measures (Figure 6 and Table 5). Beneficiaries reported a higher Prospect Index (3.40 vs 3.09; $t = 5.85$, $p < 0.001$, $d = 1.01$) and higher overall satisfaction (3.50 vs 2.76; $t = 4.61$, $p < 0.001$, $d = 0.87$), which supports H1 and H2. The Mann-Whitney tests agree: Prospect Index $p < 0.001$, overall satisfaction $p < 0.001$ and Problem Index $p = 0.860$. Turnover and employment did not differ by beneficiary status ($p = 0.449$ and $p = 0.902$), so H7 is not supported.

EDP attendance was strongly associated with availing a scheme: 90.6% of EDP participants had availed one, compared with 46.3% of non-participants ($\chi^2(1) = 35.90$, $p < 0.001$, Cramér's $V = 0.49$), which supports H4. By contrast, availing was unrelated to gender, social category, area type or district (all $p \geq 0.52$), so H6 is not supported. Among the gender categories, 2 of six cells had expected counts below 5, so that particular result is indicative only. The correlation between the Problem Index and the Prospect Index was close to zero ($r = 0.00$, $p = 0.992$).

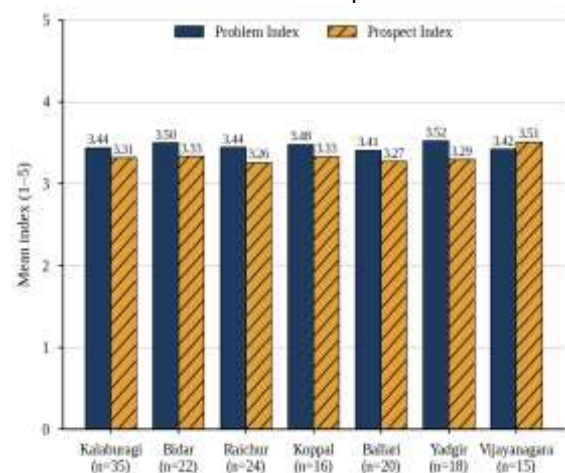


Figure 5. Mean Problem Index and Prospect Index by district (n in brackets).

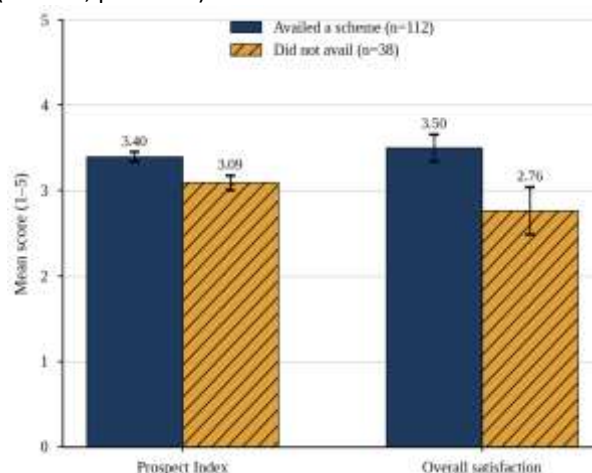


Figure 6. Prospect Index and overall satisfaction of beneficiaries and non-beneficiaries (mean and 95% confidence interval).

Table 5. Summary of hypothesis tests

Hypothesis (test)	Group values / effect	Statistic	df	p	Sig. (5%)
H1 Prospect Index: availed vs not (t-test)	3.40 vs 3.09	t = 5.85	74.6	<0.001	Yes
H2 Overall satisfaction: availed vs not (t-test)	3.50 vs 2.76	t = 4.61	63.7	<0.001	Yes
H3 Problem Index: availed vs not (t-test)	3.46 vs 3.44	t = 0.56	60.0	0.580	No
H4 EDP attendance and availing (χ^2)	% availed: 90.6 vs 46.3	$\chi^2 = 35.90$	1	<0.001	Yes
H5a Problem Index across districts (ANOVA)	$\eta^2 = 0.036$	F = 0.89	6, 143	0.505	No
H5b Prospect Index across districts (ANOVA)	$\eta^2 = 0.044$	F = 1.10	6, 143	0.367	No
H6a Availing and gender (χ^2)	V = 0.09	$\chi^2 = 1.30$	2	0.522	No
H6b Availing and social category (χ^2)	V = 0.08	$\chi^2 = 1.08$	3	0.781	No
H6c Availing and area type (χ^2)	V = 0.08	$\chi^2 = 1.00$	2	0.607	No
H6d Availing and district (χ^2)	V = 0.09	$\chi^2 = 1.16$	6	0.979	No
H7a Turnover, Rs lakh: availed vs not (t-test)	7.73 vs 6.86	t = 0.76	60.7	0.449	No
H7b Persons employed: availed vs not (t-test)	5.95 vs 6.03	t = -0.12	66.7	0.902	No

Group values: means for availed vs not availed (t-tests); share availing for EDP attendees vs non-attendees; Cramér's V or η^2 otherwise. H1, H2 and H4 are supported; the others are not. For gender, 2 of 6 cells have expected counts below 5.

5.7 Multivariable models

Table 6 reports a logistic regression of availing at least one scheme on EDP attendance, gender, social category, area, age and enterprise scale (n = 150). The model was significant (likelihood-ratio $\chi^2 = 37.62$, df = 6, p < 0.001; McFadden pseudo- $R^2 = 0.22$). EDP attendance was the only significant predictor: after controlling for the other characteristics, participants had about 12 times the odds of availing a scheme (OR = 11.98, 95% CI 4.87 to 29.48). The confidence interval is wide, as expected with 150 observations, but its lower bound is far above one. The model classified 74% of respondents correctly, which is about the same as the share of beneficiaries (74.7%), so it is better read as an explanation of association than as a prediction tool.

An ordinary least squares model with the same controls shows that and the Problem Index added, availing a scheme remained a significant predictor of the Prospect Index (b = 0.34, p < 0.001) and of overall satisfaction (b = 0.71, p < 0.001). No other coefficient was significant, and the models explained 18% and 16% of the variance respectively (adjusted $R^2 = 0.14$ and 0.11). The positive association with beneficiary status is therefore not an artefact of differences in training, gender, social category, location or age.

Table 6. Logistic regression: probability of availing at least one scheme (n = 150)

Predictor	Odds ratio	95% CI	p
Constant	0.38	0.04 – 4.03	0.420
Attended EDP (yes = 1)	11.98	4.87 – 29.48	<0.001
Female (yes = 1)	1.61	0.66 – 3.94	0.300
SC / ST (yes = 1)	0.95	0.38 – 2.35	0.909
Rural area (yes = 1)	0.93	0.38 – 2.28	0.875
Age (per 10 years)	1.26	0.73 – 2.19	0.406
Micro enterprise (yes = 1)	0.82	0.29 – 2.37	0.717

Likelihood-ratio $\chi^2 = 37.62$ (df = 6), p < 0.001; McFadden pseudo- $R^2 = 0.22$; 74% classified correctly.

6. Discussion

The central finding is a gap between awareness and use. Between 55% and 65% of respondents knew of each scheme, yet no scheme reached more than 27% of the sample. A shortage of information alone cannot explain this, since most respondents already knew the schemes existed. The more likely explanation lies in the steps between knowing and obtaining, and the problem ratings point in the same direction: lack of training and handholding, procedural complexity, delays, poor cooperation from officials and bank reluctance all sit in the top eight. Respondents appear to be saying that the barrier is the process, not the principle.

The strong link between EDP attendance and availing is the most policy-relevant result. It remained large after controlling for demographic and enterprise characteristics (odds ratio 11.98), and it fits the international evidence that training and finance work best as a package (Cho & Honorati, 2014) and that training helps people turn intentions into

operating businesses (McKenzie & Woodruff, 2014). Several mechanisms are possible: training may teach people how to prepare an application, EDP completion may be a formal or informal requirement for some schemes, or trained entrepreneurs may simply be more motivated. The cross-sectional data cannot separate these, and the association should not be read as a causal effect of training.

That respondents rank soft constraints above hard ones also deserves comment. Credit constraints are a well-documented obstacle for small firms (Beck & Demirgüç-Kunt, 2006; Banerjee & Duflo, 2014), and Indian reviews place finance and government-related processes among the main categories of MSME challenges (Bisht & Singh, 2020; Nanda & Kumar, 2023). Bank reluctance appears here in the top eight problems. Even so, inadequate subsidy and infrastructure sit in the middle of the ranking, below handholding, awareness and digital access. A plausible reading is that, for entrepreneurs who have already started, money is no longer the binding limit that it is for would-be entrants; what they lack is guidance, market access and procedural support. This reading is a hypothesis for future work and not a result of the present data.

Beneficiaries were more optimistic and more satisfied, but they did not report different problems, turnover or employment. Two readings are compatible with this. Either the schemes improve perceptions of the future before they improve measurable outcomes, which would echo the cautious findings on short-run effects in the training literature (Cho & Honorati, 2014; McKenzie & Woodruff, 2014), or entrepreneurs who are more optimistic to begin with are the ones who apply. A design that follows entrepreneurs over time, or compares applicants who were approved with those who were rejected, would be needed to tell them apart.

On equity, the absence of an association between availing and gender, social category or location gives no sign of systematic exclusion among those in the sample. This is encouraging, though the sample was not designed to test fairness, the gender category 'other' is very small, and a null result in a modest sample is weak evidence. The similarity of perceptions across districts may reflect a common administrative architecture, but low statistical power within districts is an equally important caution.

Finally, the weak internal consistency of the item sets has a substantive as well as a technical reading. If problems were a single dimension, respondents who rated one problem as serious would tend to rate others the same way. They did not, and the problems seem to be experienced as separate issues. This supports policy that targets each constraint, for instance training, digital facilitation and sanction time, over a single across-the-board reform.

7. Policy implications

1. **Convert awareness into applications.** Awareness camps should be paired with application support, with District Industries Centre and bank staff present so that interested entrepreneurs can start the process on the spot. Awareness camps were also the most frequent respondent suggestion (21.3%).
2. **Place training at the front of the pathway.** Because EDP attendance is the strongest correlate of availing, short EDPs could be offered at the point of first enquiry, followed by local handholding. Respondents also asked for training and market-linkage support (16.7%) and for local handholding and faster bank coordination (16.7%).
3. **Reduce procedural and digital friction.** Simpler forms and less documentation (suggested by 19.3%), clearer online guidance (11.3%) and assisted digital facilitation can address low digital literacy and procedural complexity.
4. **Set service levels for sanction and release.** Sanction took 4.4 months on average, and 14.7% of respondents asked for better subsidy release timelines. Published time limits, with tracking at district level, would make delays visible.
5. **Strengthen market linkage and follow-up.** Weak marketing support and poor follow-up and monitoring rank among the problems. Linking beneficiaries to buyers and conducting structured post-sanction visits would extend support beyond the date of disbursement.

8. Limitations and future research

The study has several limitations. The design is cross-sectional, so associations cannot be read as effects. The data are self-reported and open to recall and social-desirability bias. The problem and prospect item sets showed very low internal consistency, so composite indices are used descriptively only. Subgroups, such as the 14 CMEGP beneficiaries who rated satisfaction and the 15 respondents from Vijayanagara, are small, and the gender chi-square has sparse cells. No data from administrative sources, such as district targets and achievements, were available to triangulate the survey. The sample was not drawn from a probability frame, so statistical generalisation to all entrepreneurs in the region is not claimed, and respondents who agreed to participate may differ from those who did not.

Future work could combine administrative records with survey data, follow beneficiaries and non-beneficiaries over time, compare approved with rejected applicants to approach causal identification, and develop validated, multi-item scales for each constraint cluster so that latent structure can be modelled properly.

9. Conclusion

This study set out to learn how entrepreneurs in Kalyana Karnataka experience seven state schemes. Awareness is moderate but use is low, the main complaints concern training, grass-root awareness, marketing support, digital access and administrative friction, and prospects are moderately favourable. Beneficiaries are more optimistic and more satisfied than non-beneficiaries, and EDP attendance is by a wide margin the strongest correlate of obtaining a scheme. Perceptions and access do not differ clearly by district, gender, social category or location. For policymakers, the evidence points less toward larger subsidies than toward a better route to them: training at the entrance, simpler and faster procedures, and sustained follow-up.

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Ethics. See Section 4.4 for the conditions of participation. The survey was anonymous, voluntary and non-interventional.

Data availability. The anonymised survey dataset is available from the corresponding author on reasonable request.

Author contributions (CRediT). Conceptualisation, methodology, investigation (survey design and field data collection), data curation, formal analysis, writing - original draft, review and editing: all authors. All authors read and approved the final manuscript.

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