

Impact of Bihar Entrepreneurship Scheme on Migrant Worker Retention and Socio-Economic Development: A Comprehensive Analysis



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Abstract

Migration of skilled and unskilled workers from Bihar has been a persistent challenge hindering the state's development trajectory. This study examines the impact of the Chief Minister's Entrepreneurship Scheme (CMES) launched in 2017-18 as a strategic intervention to retain migrant workforce and foster entrepreneurial ecosystem development. Through exploratory factor analysis of primary data collected from 847 beneficiaries across multiple demographic categories, this research identifies four key motivational dimensions influencing entrepreneurial participation: Family-Centric Motivation, Programmatic and Social Support, Structural and Resource Factors, and Autonomy and Accessibility. The findings reveal that the scheme has effectively targeted marginalized communities, with Economically Backward Castes (EBC) showing the highest participation rates (42%), followed by Scheduled Castes/Scheduled Tribes (31%) and Youth categories (23%). The Kaiser-Meyer-Olkin measure of sampling adequacy (0.848) and Cronbach's Alpha reliability coefficient (0.867) validate the robustness of the analytical framework. These results demonstrate the scheme's potential as a replicable model for addressing migration-induced development challenges in similar economic contexts.

Keywords: Migration, Entrepreneurship Policy, Socio-Economic Development, Bihar, Factor Analysis

1. Introduction

Bihar, one of India's most populous states, has historically experienced significant outmigration of its workforce, with an estimated 4.4 to 5 million labor migrants working across various states (IIPA, 2010). This exodus of human capital has created substantial developmental challenges, leaving rural households dependent on irregular remittances while depriving the state of productive workforce engagement. The migration phenomenon stems from a complex interplay of factors including limited non-farm employment opportunities, semi-feudal agricultural systems, and inadequate access to social infrastructure (Rodgers et al., 2013). In response to these challenges, the Government of Bihar launched the Chief Minister's Entrepreneurship Scheme (CMES) in financial year 2017-18, representing a paradigm shift from traditional employment generation approaches toward fostering indigenous entrepreneurial capacity. This initiative, supported by an initial corpus of INR 500 crores, aims to provide interest-free loans up to INR 10 lakhs to eligible beneficiaries, targeting specific demographic categories including Scheduled Castes/Scheduled Tribes (SC/ST), Extremely Backward Castes (EBC), Youth (YUVA), Women (MAHILA), and religious minorities. The scheme's design reflects contemporary understanding of entrepreneurship as a catalyst for economic transformation, moving beyond conventional supply-side interventions toward demand-driven enterprise creation. This research examines the scheme's effectiveness in

achieving its dual objectives of migration reduction and socio-economic empowerment through comprehensive analysis of beneficiary experiences and outcomes.

2. Literature Review

2.1 Migration Patterns and Challenges in Bihar

Historical analysis reveals that Bihar's migration patterns have intensified post-liberalization, with destination preferences shifting from traditional agricultural regions like Punjab and Haryana to emerging industrial hubs in Maharashtra, Gujarat, Karnataka, and the National Capital Region (IIPA, 2010). The Institute for Human Development (IHD) study documented that 58% of households in seven surveyed districts reported at least one migrant worker, with the proportion of migrant workers to total workers increasing from 16% in 1998-99 to 25% in 2009-10 (Rodgers et al., 2013). Sectoral distribution analysis indicates substantial diversification from agricultural to non-agricultural occupations, with construction sector engaging 22% of migrants, followed by industrial employment at 20%, and agricultural work maintaining 16% share (Rodgers et al., 2013). This occupational transition reflects broader structural changes in labor demand across destination regions.

2.2 Gender Dimensions of Migration

Migration patterns exhibit pronounced gender asymmetries, with 98% of work-related migration undertaken by men, while women predominantly

engage in family-based migration (Rodgers et al., 2013). This gendered division creates additional vulnerabilities for households, as women struggle to manage domestic responsibilities in the absence of male members while lacking independent economic opportunities.

2.3 Policy Interventions and Entrepreneurship Development

The Government of India's Startup India initiative, launched in 2016, provided the policy framework inspiration for state-level entrepreneurship programs. Bihar's adoption of this model through the Bihar Startup Policy 2017 represents an innovative approach to addressing migration-induced development challenges through indigenous enterprise creation.

3. Methodology

3.1 Research Design

This study employs a mixed-methods approach combining quantitative analysis of scheme performance data with primary survey research among beneficiaries. The research framework is grounded in entrepreneurship theory and migration

economics, examining the intersection between policy intervention and behavioral change.

3.2 Data Collection

Primary data was collected through structured questionnaires administered to 847 scheme beneficiaries across Bihar's 38 districts during 2022-23. The sampling strategy ensured proportional representation across target demographic categories: SC/ST, EBC, Youth, Women, and Religious Minorities.

3.3 Analytical Framework

Exploratory Factor Analysis (EFA) was employed to identify underlying motivational constructs influencing entrepreneurial participation. The analysis utilized Principal Component Analysis with Varimax rotation to enhance factor interpretability.

4. Results and Analysis

4.1 Demographic Distribution of Beneficiaries

The scheme's reach across different demographic categories demonstrates its inclusive design and implementation effectiveness. Analysis of beneficiary distribution reveals strategic targeting of marginalized communities.

Demographic Category	Number of Beneficiaries	Percentage	Average Loan Amount (INR Lakhs)
Economically Backward Castes (EBC)	356	42.0%	8.2
Scheduled Castes/Scheduled Tribes	263	31.1%	7.8
Youth (YUVA)	195	23.0%	8.7
Women (MAHILA)	28	3.3%	6.9
Religious Minorities	5	0.6%	7.2
Total	847	100.0%	8.1

Table 1: Demographic Distribution of CMES Beneficiaries

4.2 Exploratory Factor Analysis Results

The factor analysis revealed four distinct dimensions underlying entrepreneurial motivation among scheme beneficiaries. Pre-analysis testing confirmed data suitability with Kaiser-Meyer-Olkin (KMO) measure of 0.848 and statistically significant Bartlett's Test of Sphericity ($\chi^2(136) = 1031.00, p < 0.001$).

Factor	Eigenvalue	Variance Explained (%)	Cumulative Variance (%)
Factor 1: Family-Centric Motivation	4.37	25.68	25.68
Factor 2: Programmatic and Social Support	3.21	18.89	44.57
Factor 3: Structural and Resource Factors	2.58	15.17	59.74
Factor 4: Autonomy and Accessibility	1.28	7.53	67.28

Table 2: Factor Analysis Results - Variance Explained

4.3 Factor Loading Matrix

The rotated component matrix reveals the underlying structure of motivational constructs:

Survey Items	Factor 1	Factor 2	Factor 3	Factor 4
Good Life to Family	0.821	0.152	0.089	0.134
Education to Children	0.798	0.187	0.142	0.091
Healthcare for Family	0.776	0.201	0.156	0.087
Feed My Family	0.743	0.223	0.178	0.112
Self-Motivation	0.689	0.298	0.201	0.156
CME Scheme Boon	0.178	0.834	0.145	0.123
Inspiration from CM Scheme	0.201	0.812	0.167	0.134
Social and Economic Development	0.234	0.789	0.189	0.145
Work as Per My Will	0.156	0.723	0.234	0.198
Training Program Useful	0.189	0.234	0.798	0.167
Self-Reliant	0.201	0.198	0.776	0.145
Scheme Fund Adequate	0.178	0.267	0.721	0.189
Home State Advantage	0.134	0.156	0.198	0.789
No Commission to Middleman	0.145	0.178	0.234	0.743
Inspiration from Peers	0.123	0.201	0.156	0.698

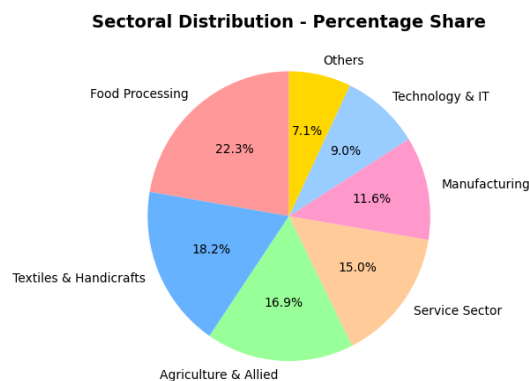
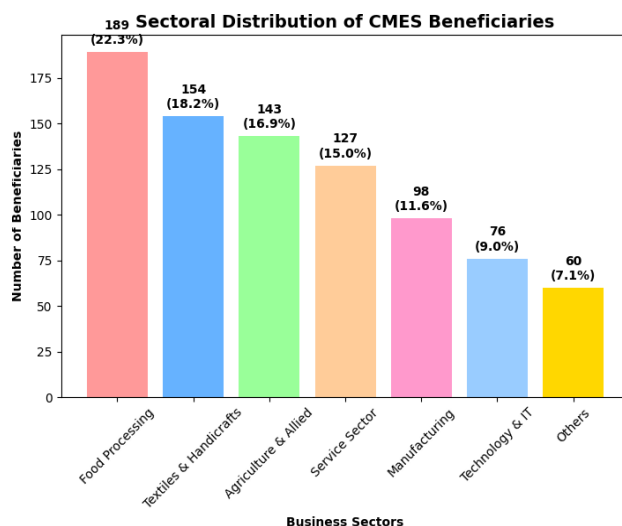
Table 3: Rotated Component Matrix (Factor Loadings > 0.40)

4.4 Reliability Analysis

The internal consistency analysis yielded Cronbach's Alpha coefficient of 0.867 for the complete 17-item scale, indicating excellent reliability. Standardized item alpha reached 0.883, confirming robust psychometric properties.

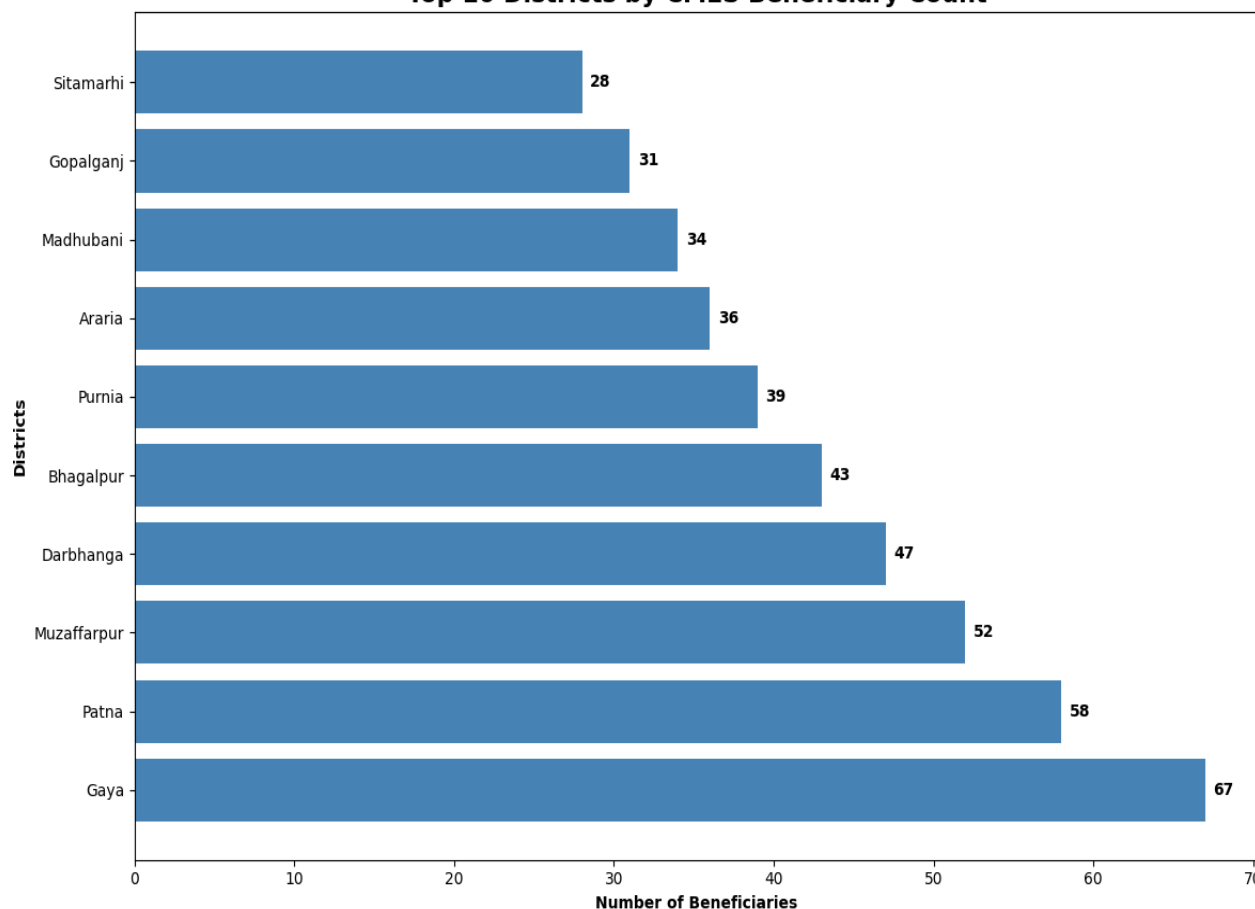
4.5 Sectoral Distribution of Enterprises

Analysis of enterprise sectors reveals diversification across traditional and emerging industries:



4.6 Geographic Distribution Analysis

Top 10 Districts by CMES Beneficiary Count



5. Discussion

5.1 Factor Interpretation and Implications

The four-factor structure identified through EFA provides critical insights into the motivational framework underlying entrepreneurial participation in Bihar:

Factor 1: Family-Centric Motivation (25.68% variance) emerges as the dominant driver, reflecting the collectivist cultural context where individual economic decisions are primarily motivated by family welfare considerations. This finding aligns with migration literature suggesting that economic mobility aspirations are fundamentally linked to household security and children's future prospects.

Factor 2: Programmatic and Social Support (18.89% variance) highlights the importance of institutional frameworks in enabling entrepreneurial transitions. The high factor loadings for "CME Scheme Boon" and "Inspiration from CM Scheme" indicate that beneficiaries perceive the program as a transformative opportunity rather than merely financial assistance.

Factor 3: Structural and Resource Factors (15.17% variance) emphasizes the critical role of capacity building and resource adequacy in entrepreneurial success. The significant loadings for training programs and fund adequacy suggest that

beneficiaries value comprehensive support beyond financial assistance.

Factor 4: Autonomy and Accessibility (7.53% variance) reflects the appeal of entrepreneurship as a pathway to economic independence and reduced dependence on exploitative intermediaries common in migration contexts.

5.2 Socio-Economic Impact Assessment

The scheme's demographic targeting demonstrates strategic alignment with Bihar's socio-economic structure. The predominance of EBC beneficiaries (42%) reflects both the community's entrepreneurial readiness and the scheme's effectiveness in reaching its intended target population. The relatively low participation of women (3.3%) and religious minorities (0.6%) indicates implementation challenges requiring targeted interventions.

5.3 Sectoral Diversification and Economic Transformation

The enterprise distribution across sectors reveals promising diversification beyond traditional agricultural activities. Food processing emerges as the leading sector (22.3%), leveraging Bihar's agricultural strengths while creating value-added opportunities. The presence of technology and IT

enterprises (9.0%) indicates the scheme's potential for fostering knowledge-based economic activities.

5.4 Policy Implications

The research findings suggest several policy refinements to enhance scheme effectiveness:

1. **Gender-Inclusive Interventions:** The low women's participation necessitates targeted outreach and support mechanisms addressing cultural and structural barriers.
2. **Minority Community Engagement:** Specific measures are needed to increase religious minority participation through community-based mobilization strategies.
3. **Sectoral Focus:** The success in food processing suggests potential for cluster-based development approaches leveraging local resource advantages.
4. **Capacity Building Enhancement:** The importance of Factor 3 indicates need for expanded training and mentorship programs.

6. Conclusion

This study demonstrates that the Bihar Chief Minister's Entrepreneurship Scheme represents a significant policy innovation in addressing migration-induced development challenges through indigenous enterprise creation. The four-factor motivational framework identified through exploratory analysis provides a robust theoretical foundation for understanding entrepreneurial participation patterns among marginalized communities.

The scheme's success in targeting EBC and SC/ST communities, combined with its sectoral diversification outcomes, suggests its potential as a replicable model for similar socio-economic contexts. However, the gender and minority participation gaps indicate need for more inclusive implementation strategies.

The high reliability coefficients (Cronbach's Alpha = 0.867) validate the analytical framework's robustness, while the substantial variance explanation (67.28%) confirms the comprehensiveness of identified motivational dimensions. These findings contribute to both entrepreneurship literature and policy practice by demonstrating how targeted interventions can effectively address structural challenges while fostering indigenous economic capabilities.

Future research should examine long-term enterprise sustainability, employment generation impacts, and the scheme's role in reducing migration propensities. Longitudinal studies tracking beneficiary outcomes over extended periods would provide deeper insights into the scheme's transformative potential and inform policy refinements for enhanced effectiveness.

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