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Self-Employment among Scheduled Castes in Telangana Empirical Evidence and the Way Forward

Parupally Anjaneyulu



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(Planning Dept, Govt. of Telangana & ICSSR - Ministry of Education, Govt. of India)

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PREFACE

This publication is part of the Working Paper series in the CESS-DSSI Telangana Scheduled Castes Development Series. Over the past eight years, the Division for Studies in Social Inclusion (DSSI) of the Centre for Economic and Social Studies (CESS) has carried out a comprehensive range of studies focusing on the development of the Scheduled Castes in Telangana State, in addition to studies on other historically disadvantaged and marginalised social groups. Research aimed at identifying and quantifying the development disparities between the Scheduled Castes and other social groups is central to the DSSI's mandate. These empirical studies are designed to enable policymakers to formulate evidence-driven and implementable policies so that new policies can be formulated or necessary course corrections can be made in the existing schemes and interventions. The research and academic activities undertaken by the DSSI team in the domains of social exclusion and inclusive development encompass the following:

- Baseline surveys and impact evaluation studies (concurrent, formative, and endline)
- Empirical studies on priority themes and areas to address development gaps
- Dissemination of findings through publications such as research reports, working papers, monographs, policy briefs, and journal articles
- Organising seminars, workshops, and special lectures on emerging themes related to inclusive development

This Working Paper presents the findings of an empirical study on a critical area of inclusive development, focusing on self-employment and entrepreneurship among Scheduled Castes in Telangana. This publication is the third in the series of working papers that draw on survey data from over 10,000 SC households. The survey, conducted by DSSI, was commissioned by the TGCOST (Telangana Council of Science and Technology). I am deeply grateful to TGCOST for providing us with the opportunity to undertake the study titled, "Comprehensive Survey of SC Community in Telangana State: Mapping Data and Resources on a Spatial Domain". This publication provides a holistic perspective on the subject and offers implementable recommendations. I am confident that policymakers, practitioners, and other stakeholders find it useful and relevant in addressing development disparities in Telangana and beyond.

E. Revathi
Director, CESS

Self-Employment among Scheduled Castes in Telangana

Empirical Evidence and the Way Forward

Parupally Anjaneyulu¹

Abstract

India has a long history of self-employment, encompassing activities such as agriculture, trade, independent work, and small business management. Self-employment entails greater responsibilities and risks compared to salaried employment. To foster self-employment, both state and Central Governments have introduced a range of initiatives. Drawing on primary data related to self-employment ventures among Scheduled Castes, this paper focuses on the demographic and socio-economic status of SC entrepreneurs, ownership type, investment levels, sectors of economic activity, earnings from enterprises, and the challenges and barriers they encounter. Over a tenth (11%) of SC households in the state are engaged in self-employment activities, which are predominantly micro and small enterprises with modest investments. The services sector dominates self-employment activities, followed by retail trade, with manufacturing representing less than 2% of such activities. Investment levels among government beneficiaries are higher relative to those with self-funded micro-enterprises. Returns from government-sponsored activities are lower than those from self-financed ventures. The majority of the self-employed reported monthly incomes and outstanding loans, and most have not participated in skilling programs. Most young people remain uninformed about government schemes and initiatives. Lack of capital and investment capacity, outstanding debts, and limited skill development constitute major barriers, followed by a lack of market intelligence and trade networks. Self-employment needs to be more inclusive, both socially and spatially. Skill development should be integrated with the entrepreneurship ecosystem. The need for expanding the coverage and treating mandal as a unit is also spotlighted in this paper.

Keywords: Self-employment, Economic Support Scheme, Dalit Bandhu Scheme, Scheduled Castes, Entrepreneurship, Government Schemes, Sustainable Livelihoods

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Section 1: Introduction

In India, self-employment is among the most common livelihood options, enabling people to pursue their passions, be their own boss, and potentially earn higher incomes than they would as employees. However, it also involves greater risks and responsibilities compared to being an employee. Individuals who manage their own businesses or economic activities, whether or not they hire outside help, are considered self-employed. Generally, the independence and flexible work schedule associated with self-employment make it appealing. At the same time, it requires greater accountability and higher levels of mental and physical engagement at work (Chaudhury 2007). According to the most recent Periodic Labour Force Survey (PLFS) data, the rural workforce has expanded to include workers from the industry and service sectors, in addition to those employed in agriculture. Therefore, it is reasonable to assume that non-agricultural activities, such as those conducted by non-farm businesses, have the potential to increase employment opportunities in rural areas (CSD 2022).

The Food and Agriculture Organization (FAO) reports that approximately 80% of the global working-class people reside in rural areas. It also notes that, based on world population statistics, more than 42 million jobs are required annually to absorb the growing number of new workers entering the labour market. It is impossible for either the public or private sector alone to generate sufficient jobs for all qualified or unemployed individuals. Consequently, self-employment is often recommended as one of the key solutions to unemployment. In society, most people typically seek jobs after completing their education in order to support themselves, while only a few focus on creating their own sources of income or are concerned about their monthly earnings. In this context, the Central and State Governments have turned their attention toward promoting self-employment, particularly in the formal sector. They have introduced a variety of benefits, including bank loans, skill development programs, financial assistance, and subsidies for equipment purchases, among others.

A self-employed person is one who, instead of working for an organization or an individual, earns their livelihood through independent economic activity. Common examples of self-employed individuals include writers, artisans, independent contractors, traders or investors, lawyers, salespeople, and insurance agents. Flexibility and independence are two major advantages of self-employment, but there are also drawbacks, such as a higher risk of job insecurity and fluctuating or seasonal income (Dollarhide 2024).

Indian Scenario: Self-employment has long been a common source of household income in India, particularly in the form of micro, small, and medium-sized enterprises and activities. It includes sectors such as farming, trading, freelance work, and managing microenterprises. Both formal and informal workers are part of the self-employed workforce, with a significant proportion operating in the informal sector. Driven by rising aspirations, an entrepreneurial spirit, and the challenges of securing wage employment—especially in urban areas—there has been a noticeable shift towards self-employment in recent decades. Despite these changes, low returns, lack of social security, and unorganized working conditions continue to characterise self-employment in India.

The organization and management of non-farm economic activities in India are highly diverse. Some activities or units operate under licences or registrations subject to various laws and regulations, while others function as unlicensed, self-employed, or own-account establishments. Certain units or activities are carried out at fixed or alternative locations, or within households. Some units exist solely to support other entities, while others operate seasonally or remain inactive during parts of the year. Non-farm activities also span the three broad economic sectors: primary, secondary, and tertiary (Ministry of Statistics and Programme Implementation, 2019).

Micro, Small, and Medium Enterprises (MSMEs) have been the cornerstone of global economic growth, accounting for 90 percent of commercial activity and nearly 50 percent of employment in the global south. In India, MSMEs can be established relatively easily and are often creatively adapted to local conditions. This sector receives priority support from both the Central and State Governments through a variety of incentives. The economic reforms implemented in the early 1990s under the P.V. Narasimha Rao government gave the sector its rightful place in an increasingly globalized world, and successive governments have continued to carry these reforms forward.

The Government of India established a dedicated Ministry of Skill Development and Entrepreneurship with the mandate to coordinate skill development initiatives across the country. Its objectives include bridging the gap between the supply and demand of skilled labour and creating a framework for technical and vocational education, skill development, and skill upgrading. The Ministry also facilitates employment generation and promotes innovative thinking among the workforce through financial support, policy initiatives, and other measures.

Major start-up hubs such as Bengaluru, Hyderabad, Mumbai, and Delhi host numerous incubators, accelerators, and co-working spaces. Ahmedova and Mustafa (2024) suggest that university curricula should be adapted to address several critical issues: imparting entrepreneurial skills, fostering unique initiatives, and providing support services for students interested in entrepreneurial activities. Developing infrastructure for start-ups, ensuring access to funding, and enabling networking opportunities with successful business owners can further enhance entrepreneurial activities among college students.

Role of Institutions: The success of self-employment activities is also influenced by factors such as marketing strategy, access to funding, availability of trained labour, training programs, and government incentives. To address these challenges, several initiatives have been introduced by the State and Central Governments. Programs such as *Make in India*, *Digital India*, and *Start-Up India* promote industrial growth and job creation. These interventions are particularly beneficial to emerging entrepreneurs, especially those from marginalized communities. There are several institutions—such as the National Institute for Entrepreneurship and Small Business Development (NIESBUD), the Indian Institute for Entrepreneurship, and the National Institute for Micro, Small and Medium Enterprises (NIMSME)—that are actively involved in venture development programs. Additionally, Rural Self-Employment Training Institutes (RSETIs) were established by Lead Banks (one in each district) to assist poor rural households in creating sustainable livelihood opportunities.

The National Small Industries Corporation (NSIC) Ltd also provides MSMEs with technical support services for skill development. The primary aim of MSME training programs is to bridge the existing skill gap and enhance both technical and managerial capabilities. Furthermore, the NSIC is implementing the National Scheduled Caste and Scheduled Tribe Hub (NSSH) programme, which offers expert assistance to SC and ST entrepreneurs to help them comply with the requirements of public procurement policies.

The SC/ST Hub: The National SC/ST Hub (NSSH), also known as the SCST Hub, is a Government of India initiative aimed at promoting entrepreneurship among individuals from the Scheduled Caste (SC) and Scheduled Tribe (ST) communities, particularly in the Micro and Small Enterprises (MSE) sector. It was launched in October 2016 by the Ministry of Micro, Small, and Medium Enterprises (MSME). The National SCST Hub supports the existing SC/ST business owners and self-employed entrepreneurs in effectively participating in government procurement processes. It assists them in

upgrading technologies and enhancing their capabilities. Industry associations such as the Dalit Indian Chambers of Commerce and Industry (DICC), Central Public Sector Enterprises (CPSEs), relevant Ministries, and similar bodies are expected to take a proactive role in this initiative. For entrepreneurs who qualify, incubators, CPSEs, and business experts provide support and mentorship. According to the data from the SCST Hub (as of 31 March, 2024), a total of 1,27,407 beneficiaries have received assistance; 42,526 candidates have undergone training; and procurements worth ₹1,545.86 crores have been made from 10,348 MSEs supported by the SCST Hub (2022–23).

1. Flagship Initiatives of Telangana

According to the Census 2011, Telangana has a population of 3.5 crore. The Scheduled Castes (SCs), with a population of 54.09 lakhs, account for 15.45 percent of the total population. In 769 Gram Panchayats, the proportion of SCs exceeds 40 percent. The SCs in Telangana consist of 59 sub-castes: the Madigas make up around 60 percent, the Malas account for 28 percent, and the remaining 12 percent belong to other smaller sub-castes. The community is predominantly rural, with 75 percent residing in rural areas. Mancherla district has the highest proportion of SC population (25 percent), while Hyderabad district has the lowest (6.3 percent). The overall literacy rate among SCs is 59 percent, with higher literacy among males (68 percent) compared to females (50 percent). The work participation rate is 50.4 percent, indicating that 49.6 percent are not employed.

The Government of Telangana has launched several initiatives to promote self-employment among SCs. These include financial assistance schemes, skill development programs, and incentives for SC business owners. Other measures include venture capital funds, concessional loans, and subsidies. *The Telangana State Industrial Development and Entrepreneur Advancement (T-IDEA) Policy*, introduced in 2014, aims to promote sustainable industrial development and create gainful employment opportunities. *The Telangana State Program for Rapid Incubation of Dalit Entrepreneurs (T-PRIDE)* is a financial assistance-based entrepreneurship promotion scheme for members of SC/ST communities with annual targets. Under the *Industrial Investment Promotion Policy (IIPP)*, members of SC and ST communities are eligible for benefits such as reimbursement of sales tax, *Pavala Vaddi*² interest subsidy, and reimbursement

2 “Pavala Vaddi” is a complementary scheme implemented by the Government of Telangana to provide interest subsidy (at 3% per annum or a fourth of 1% a month) on loans taken out by women’s self-help groups (SHGs) for promoting income-generating activities and encourage entrepreneurship among rural women.

of power charges. Additionally, the *Telangana State Industrial Project Approval and Self-Certificate System (TG-iPASS)*, also introduced in 2014, was designed to accelerate the approval process for industrial establishments and create a favourable environment for investments in the state.

The core mandate of the Telangana Scheduled Castes Cooperative Development Corporation (the SC Corporation) is to promote the economic advancement of SCs, with a particular focus on younger members of the community. It implements both skill development and self-employment schemes. A total of 26,264 SC beneficiaries have received training, and nearly half of them (13,275) secured employment post-training (SC Corporation 2025). Those interested in vocational training—especially in fields such as transportation, information technology, leather goods, hospitality, medical services, and construction—are expected to access the skilling and upskilling opportunities implemented by the SC Corporation. The Corporation also ensures the placement of trained individuals in both public and private organizations. Self-employment programs are designed to identify educated individuals aged between 21 and 50, with the eligibility requirement being the completion of SSC (10th class). Industrial Training Institutes provide vocational training in trades such as dressmaking, electronics, COPA (Computer Operator and Programming Assistant), Mechanic (Diesel), Mechanic (MV), Turner, Welder, Fitter, Electrician, and AC servicing.

The Society for Elimination of Rural Poverty (SERP) and the Mission for Elimination of Poverty in Municipal Areas (MEPMA) also play key roles in promoting entrepreneurship in the state. While SERP actively promotes non-farm activities among women's self-help groups (SHGs), MEPMA serves as the state nodal agency for implementing various poverty alleviation programs in urban areas. SHGs are critical to empowering women, enabling them to earn income, and ultimately achieving financial inclusion. In 2017, the Telangana Government established the *Women Entrepreneurs Hub (WE-Hub)*, a state-run incubator designed to encourage and support women entrepreneurs. Since 2018, this centre has engaged 4,527 female entrepreneurs and supported 1,495 startups and small and medium-sized businesses (Socio-Economic Outlook 2022).

2. Review of Literature

In recent years, self-employment has emerged as a policy priority in India due to various factors, including the evolving nature of labour, government regulations, technological advancements, socio-economic changes, and limited opportunities for salaried employment in both the public and private sectors.

Heggade (1983) emphasizes the need to recognize the importance of entrepreneurial activities among disadvantaged groups, such as the Scheduled Castes (SCs), where the incidence of poverty, unemployment, and underemployment is high. These activities play a crucial role in combating poverty and unemployment. Grover *et al* (1986) argue that the current generation of business owners requires training in advanced manufacturing processes and procedures. They further stress that rural entrepreneurs should be supported and provided with every possible assistance to enrol in authorized industrial training institutions and undergo training in their specialized fields. According to Beger (1991), self-employment activities within any community are not merely individual efforts but are also shaped by broader social forces such as social stratification, institutions, norms, and values.

According to the 66th round of the National Sample Survey (NSS) (2009–10), just 30.7% of rural SC households were self-employed. The 70th (2013) round of NSS data reveals that employers or own-account workers made up the greatest percentage of self-employed people (35.1%). These are people who run their own trade or business and may or may not have employees. Another sizable percentage (22.4%) worked as unpaid assistants in a home business. Regular salaried/wage workers (19.8%) and casual wage workers (21.6%) made up the remaining workforce. The PLFS statistics show that 52.2% of workers worked for themselves in 2017–2018. However, the most recent PLFS data indicates that in 2023–2024, 58.4% of workers worked for themselves (self-employed).

Olivelle (2005) observes that a significant aspect of the social ownership of private capital in India is caste inequality, with certain castes being predominant in private activities. Historically, members of lower castes have owned a smaller share of private enterprises. The “untouchables” were prohibited from engaging in commerce or production activities, except in unclean and polluting occupations, such as those involving leather, sanitary products, and similar work. Bhushan and Revathi (2007) demonstrate that job losses in the wake of privatization compelled some to start small businesses. For instance, among 190 workers who opted for the Voluntary Retirement Scheme (VRS) at the Karimnagar Cooperative Spinning Mills, 102 workers belonged to the SC community. A tenth of them chose self-employment, including activities such as private medical practitioner, driving, running tea stalls, vegetable shops, bakeries, vending milk, two-wheeler servicing, and managing fertilizer shops.

Damodaran (2008) underscores the cultural roots of employment activity, noting that certain castes and communities have historically been business communities. Self-employed persons from these groups enjoy a distinct advantage from the outset, as they possess strong business networks, insider knowledge, and expertise passed down through generations. The extent to which marginalized groups—whose traditional occupations have not been business-based—have managed to break into established networks and establish themselves as self-employed individuals represents a vital pathway for social mobility in this context.

Thorat (2009) points out that the percentage of self-employed households in urban India is significantly lower among the SCs and STs in terms of private capital ownership. He also stressed that not only do fewer SCs and STs run small private businesses, but they also typically operate them mainly by employing family members. Jodhka (2010) shows that over two-thirds of India's Dalit population lack a job or income and are either completely or nearly completely landless. His study, *Dalits in Business*, reveals that only 2% (out of 321 SCs) were self-employed females. The majority of these individuals were petty shopkeepers who did not employ workers. Jodhka also notes that self-employed persons were proud of their ability to escape “slavery”, and a few of them were even able to offer jobs or assistance to others in starting their own businesses.

The traditional stigma associated with certain activities continues to exclude SCs from specific occupations. In Indian society, occupations are differentiated by caste affiliations (Deshpande et al. 2013). Reddy (2018) observes that “formal sector employment opportunities (both in the public and private sectors) are shrinking in rural areas; there is a need to focus on self-employment business opportunities as a means to address poverty among these vulnerable populations.” He further adds that the Telangana Government is managing a portal for the implementation of welfare schemes of all Welfare Departments, namely, the Online Beneficiary Management and Monitoring System (OBMMS). However, the OBMMS does not offer an option to the applicants in electing their preferred business units. Additionally, the OBMMS portal—created for planning, monitoring, and administering the assigned schemes— is unable to identify instances of Aadhaar number duplication or multiple beneficiaries.

India is witnessing a rise in the number of studies related to rural economic activities (Council for Social Development, 2022). The most recent Periodic Labour Force Survey (PLFS) reveals that the rural workforce has expanded into the industry and service sectors. Revathi and Kamble (2023) indicate that the perceptions of SCs on

self-employment are changing. Value-added activities are also being pursued by SC entrepreneurs, who have been able to record comparable rates of growth in size, employ a similar number of workers and fixed capital, and obtain official credit for their fixed capital needs. Chinna and Ravindar (2023) conclude that the Dalit Bandhu Scheme (DBS) is playing a crucial role in uplifting Dalits and creating jobs outside agriculture; however, it is important to support female applicants. Agarwal *et al.* (2024) note that women's self-employment in India is the main driver of the rise in the female work participation rate. Women's employment in India is generally perceived as gendered, underpaid, and distress-driven, yet this is often obscured by their visible participation in the labour force. Bhutani *et al.* (2025) examined female self-employment in Haryana and observed that while male participation is constant, female participation varies significantly.

3. Need for the Study

Self-employed persons among the SC community run small-scale activities in terms of investment or employment creation. Sometimes these activities are traditional forms of activity or manufacturing, but the self-employed among the SCs, nonetheless, share the personality traits that are typically associated with self-employed individuals in general, such as risk tolerance, motivation, resilience, self-confidence, and leadership qualities. Most studies on self-employment focus on specific business owners, attempting to understand the characteristics, skills, and goals that lead to their success (Davidson & Honig, 2003). However, this paper addresses three significant dimensions of the self-employment activities of SC persons in Telangana, namely, the scale of activities in terms of investment and human resources deployed, the types of activities undertaken by them, and the unique requirements and challenges that they encounter while engaged in self-employment.

Self-employment activities among SCs are characterized by limited or no financial assistance or guidance from external sources and involve significant risks associated with their investments—risks that are often disproportionately greater than the levels of investment, given their precarious financial status and lack of experience in, and exposure to, entrepreneurship. Comparative analyses of self-employment activities run by different SC sub-castes with government grants, such as the Dalit Bandhu Scheme, and those that are self-funded help identify the trends that characterise the self-employment activities among SCs in Telangana. The household characteristics of SC self-employed persons are examined in terms of demographic features (age, gender,

marital status, and place of residence), educational levels, and sub-caste status across variables such as the type of business, the scale of self-employment activity, and the source of investment.

4. Objectives of the Study

1. To analyse the socio-economic status of self-employed households within Scheduled Castes.
2. To understand the extent or rate and the nature of self-employment activities among the Scheduled Castes in the state.
3. To compare self-financed and government-supported activities, with special attention to the Dalit Bandhu Scheme.
4. To examine the current status of self-employment ventures among SCs.
5. To explore policy implications related to training and capacity building, finances, marketing, and the sustainability of self-employment activities.

5. Methodology

This working paper draws on data from the entrepreneurship module of a large-scale, multi-subject baseline survey titled, *Comprehensive Baseline Survey of the SC Community in Telangana State*. Accordingly, the paper is based on certain core variables related to entrepreneurship among SCs in the state. The baseline survey followed a multi-stage stratified sampling method in selecting the sample households. Officially, there are 59 sub-castes under the category of Scheduled Castes in Telangana. For this study, the sub-castes were grouped into three strata: Madiga, Mala, and Other Sub-Castes (“others”). The study sample was distributed across rural and urban areas of the state in a 3:1 ratio. A total of 400 sample locations (300 villages and 100 urban wards) were covered (see Annexure 1 for the location map). The survey was carried out from May to September 2023. In addition to the numerically large Madiga and Mala sub-castes, data was also captured from 25 other sub-castes, while the remaining communities were not found in the study locations. The survey covered a household sample of 10,213; of these, 66.6 percent belonged to Madiga, 25.6 percent to Mala, and the remaining 7.8 percent to other sub-castes. The total population of the sample households amounted to 37,424.

Methods and Instruments: The study employed a mixed-method approach consisting of both quantitative and qualitative techniques. Data and information were collected through a set of complementary tools and methods, including a household questionnaire, village schedule, and Focus Group Discussions (FGDs). The data was collected using

the CAPI method (with a GIS app) and it was uploaded to the cloud immediately after the collection.

The working paper is divided into five sections: Introduction; Study Findings; Socio-Economic Status of SC Self-Employed Persons; Status of Self-Employment among SCs; Types of Self-Employment Activities by Investment; and Conclusions and Recommendations.

Section II: Study Findings

About the Baseline Study: The baseline study reveals that out of 59 sub-castes among the SCs, the Madigas and the Malas are numerically more predominant than the remaining 57 smaller sub-castes. The survey captured data from all 27 sub-castes present in the study locations. Close to 90 percent of SC households in rural areas reside in “SC localities” or “SC colonies” (also referred to as SC *vaadas*). The average household comprised 3.7 persons; 88 percent identified themselves as Hindus and 11 percent as Christians.

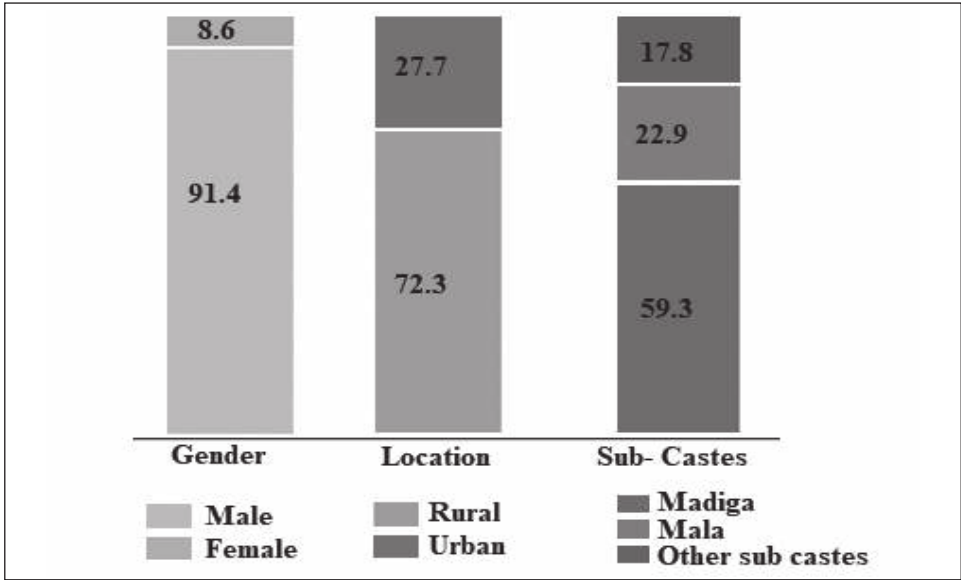
The results of the baseline study show that nearly 90 percent of SC households live in their own houses; seven percent reside in rented houses, and the remaining three percent live in dwellings that are neither owned nor rented (shared accommodation). Almost half of the houses are *pucca*, while the rest are *semi-pucca* or *kutchra*. A third (33 percent) of the houses were constructed under government housing schemes (beneficiaries received financial support). One-sixth of the households lack access to toilets, though the majority have access to drinking water. A majority (55 percent) of houses are not connected to a sewerage system. Almost all (98.5 percent) have access to electricity. LPG is the predominant source of energy (95.4 percent), though some households continue to depend on firewood for cooking. Landlessness is relatively high among SCs, with 61 percent of households being landless, and nearly 50 percent of rural households are landless.

The work participation rate among SCs (aged 15–60 years) is relatively high at 61 percent. In terms of primary occupation, 44 percent are engaged in wage employment across both farm and non-farm sectors; more than a fifth (22 percent) are engaged in agriculture, including livestock; and one-sixth are regular salaried employees in government and private sectors. Nearly seven percent are engaged in semi-skilled and skilled services, followed by four percent who are self-employed in non-agricultural

activities while six percent are engaged in other activities, including traditional occupations. As for the secondary occupation, three-fourths (76 percent) of rural SC workers are engaged in wage employment in farm and non-farm sectors, including participation in the MGNREGA. The remaining workforce is distributed across agriculture, skilled and semi-skilled services, self-employment in non-agriculture, regular salaried jobs, and other occupations.

Socio-Economic Status of the SC Self-Employed Persons: The baseline survey found that 11.5 percent of the workforce are self-employed, with a total of 1,178 self-employed persons having reported across the state. The self-employed are predominantly male (91 percent), with the remaining being female. Almost three-fourths of self-employed persons are located in rural areas, while the rest are in urban areas. It was also observed that the number of Madiga self-employed persons is higher than that of the Mala and other sub-castes. In terms of inter-district distribution, the highest number of self-employment activities was found in Karimnagar district (128), followed by Rangareddy (100), Yadadri (63), Hyderabad (56), and Nalgonda (55), which account for the top five districts. The bottom five districts are Jayashankar Bhupalapally (12), Narayanpet (9), Jogulamba Gadwal (8), Mulugu (8), and Wanaparthy (8) (see Annexure 4).

Figure 1: Percentage Distribution of SC Self-Employed Persons by Gender, Location, and Sub-Caste



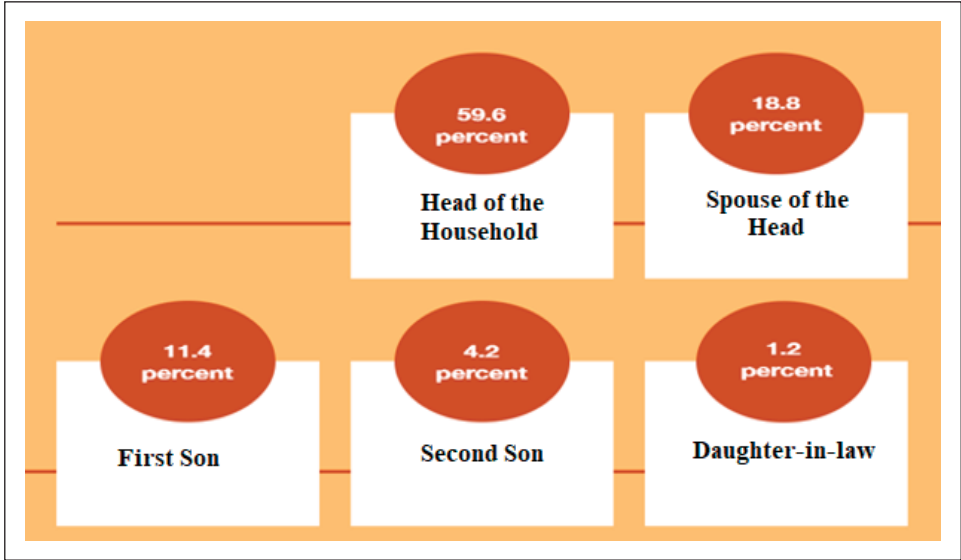
Source: Primary data

6. Household Member Identification of the Self-employed Person

Households play a critical role in the economic activities undertaken by their members. The self-employment ventures managed by Scheduled Castes are predominantly family-driven and family-dependent. Given that these ventures are primarily small-scale in terms of investment and workforce, they predominantly employ family members, while employing outsiders is atypical. Typically, the head of the household (father or mother) plays a key role in managing household activities. After them, sons and daughters-in-law also contribute to the management of these activities. The findings of this study corroborate these observations.

The heads of households reported the largest share (60 percent) of self-employment activities, with men forming a greater proportion of self-employed persons than women (43 percent). The spouse (19 percent) and the elder son (11 percent) of the household head accounted for a significant share of self-employment activities among SCs in the state. Together—the head, spouse, and elder son—they constitute 90 percent of the total self-employed persons. A smaller portion of activities is managed by the second son and the daughter-in-law, while less than one percent is reported by other members. In addition, self-employed members are also supported by other family members and close relatives.

Figure 2: Shares of Self-Employed Persons by Household Member Identity



Source: Primary data

The composition of household members in self-employment activities varies between rural and urban areas. The largest share of self-employed activities was reported by the head, followed by the spouse and the first son in urban areas. In urban areas, 65 percent of the self-employed persons are household heads, whereas in rural areas, the corresponding share is 58 percent. The shares of the spouses are almost the same in both rural and urban areas, but the proportions of the first and the second sons are lower in urban areas. This implies that the participation of the first son (13 percent) and the second son (4 percent) is greater in rural areas. In addition, daughters-in-law also run businesses but with a low share (1 percent).

The Mala heads of households and their spouses reported a marginally higher percentage of self-employed activities compared to their counterparts from the other sub-castes and the Madigas. Additionally, the Madigas have a larger proportion of self-employed persons among first sons than the Malas and other sub-castes. This trend can be attributed to the fact that the previous generation of Madigas (household heads) is mostly illiterate or has extremely low levels of education and remains engaged in traditional activities related to agriculture, while the younger generation (first sons) is more literate and more aware of government schemes, skill development programs, and other interventions. Members of the other sub-castes have a higher share than the Malas in the first-son category. However, in the second-son category, a higher proportion was reported among the other sub-castes; in this respect, both the Madigas and the Malas lag behind the other sub-castes (see Table 1).

Table 1: Member-Wise Shares of Self-Employed by Location, Gender, and Sub-Caste (%)

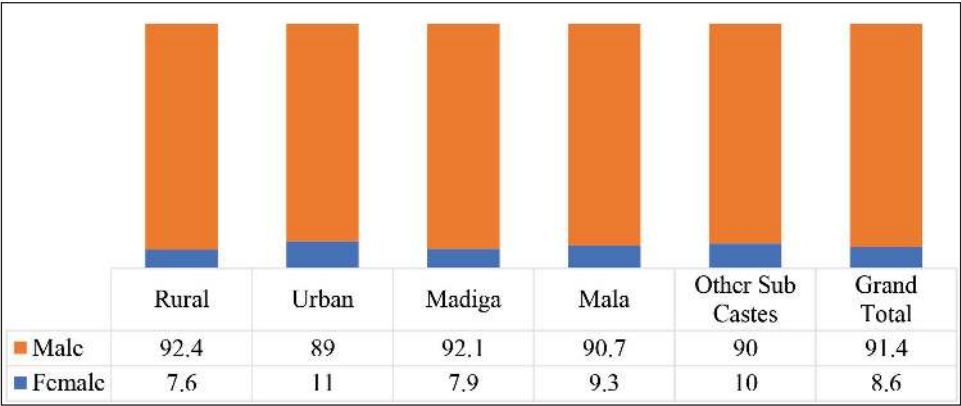
Relationship	Male	Female	Rural	Urban	Madiga	Mala	Other sub- castes	All
Head of household	60	55.4	57.6	64.7	58.2	63.2	59.5	59.6
Spouse	20.1	4	18.9	18.4	18.3	20.4	18	18.8
First son	12.4	0	12.7	8	13.4	7.1	10	11.4
Second son	4.5	0	4.3	3.7	3.9	4.1	5.2	4.2
Daughter-in-law	0	11.8	1.3	0.3	1	1	1	1
First daughter	0	10.9	1.2	0.7	1.5	0.4	0.5	0.8
Third son	1	0	0.7	1.8	0.9	0.4	1.8	0.8
Second daughter	0	8.9	0.8	0.6	0.9	0.7	0.5	0.8
Others	2	9	2.5	1.8	1.9	2.7	3.5	2.6
Total	100 (1077)	100 (101)	100 (852)	100 (326)	100 (699)	100 (269)	100 (210)	100 (1178)

Source: Primary Survey

Gender: The representation of women in self-employment ventures is relatively low. However, the number of self-employed women is growing steadily owing to government schemes and targeted initiatives aimed at promoting entrepreneurship among women. Primary data also shows that out of 1,178 activities, only nine percent (101) are managed by the female self-employed, while the remaining 91 percent are managed by males (see Table 1). The percentage of females among the self-employed is lower in rural areas than in urban areas. It was also found that, compared to other sub-castes, the Madigas have a significantly larger share of male entrepreneurs. Additionally, the percentage of self-employed females is slightly higher among the other sub-castes compared to the Mala and the Madiga communities.

The share of self-employed persons is relatively higher among the other sub-castes due to their nomadic traditions and wider exposure to markets as they move from one village to another selling their products—including at fairs (*jataras*) and weekly markets. “A majority of these sub-castes sell beauty products. As a result, the itinerant women from these communities play an important role in these activities, as they mostly cater to women customers. That is why more women from these communities are engaged in this trade than men,” explains Mr Krishnaiah of Aloor village in Jogulamba district, who belongs to the Holiya Dasari community.

Figure 3: Gender Status of Self-Employed Persons by Location and Sub-Caste
(all figures are %)



Source: Primary Survey

The trades and activities among SCs reflect a distinct pattern of gender division. Most self-employed women are engaged in tailoring, followed by retail, predominantly *kirana* (grocery) shops. By contrast, men predominate in the manufacturing (100 percent) and

the service sectors; however, women dominate the trade sector. Women account for 56 percent of entrepreneurs within the services sector, while none are engaged in the manufacturing sector.

As illustrated in Table 2, the self-employed among the SCs are categorised into three age bands: 16–25, 26–40, and above 40 years. Overall, the 26–40 age group represents the largest share of SC self-employed persons (46.4%); this proportion is higher in rural areas, where it is almost 50%. The older age group (above 40 years) makes up 42% of all self-employed persons. However, there is a rural–urban variation in this category, with urban areas accounting for over half (51%) of self-employed activities, while rural areas represent 38% of entrepreneurs. The youngest category (16–25 years) constitutes 12% of the self-employed across the state, with rural areas reporting a marginally higher share in this age group. The analysis indicates that people in urban areas have a wider choice of livelihood options across a range of sectors, unlike rural areas, where employment opportunities are limited.

Among women, a third of the self-employed are above 40 years old, while 9% fall between the ages of 17 and 20, and one-sixth (16%) of them belong to the age group of 21–40. The study also found that 5% of SC self-employed persons above 60 years of age are still engaged in their businesses. The fact that this percentage is higher in rural areas than in urban areas suggests that SC entrepreneurs in rural areas work longer. These older entrepreneurs typically maintain small businesses such as grocery shops, autorickshaw services, cattle trade, and tailoring. A higher share of elders was reported among the other sub-castes and the Madigas compared to the Malas.

Table 2: Age-Wise Distribution of Self-Employed Persons by Gender, Location, and Sub-Caste (%)

Age	Male	Female	Rural	Urban	Madiga	Mala	Others	All
16-25	10.5	23.7	12.5	10.0	11.9	6.2	18.8	11.8
26-40	46.8	43.0	49.1	39.3	46.8	49.6	40.9	46.4
Above 40	42.7	33.3	38.4	50.8	41.2	44.2	40.4	41.8
Total	100 (1077)	100 (101)	100 (852)	100 (326)	100 (699)	100 (269)	100 (210)	100 (1178)

Source: Primary data

Marital Status: More than four-fifths (83 percent) of the self-employed are married; 11 percent are single; five percent are widowed; and one percent are divorced or separated. The distribution of self-employed persons by marital status is comparable across rural

and urban areas. However, there are variations across sub-castes. Compared to the other two categories, the Malas have a higher proportion of married self-employed persons. Across the three sub-caste groupings (Madiga, Mala, and Others), the proportions of widowed, divorced, or separated self-employed persons are nearly equal.

Levels of Education: Over a third (36 percent) of the self-employed are non-literate, while the remainder are literate. This indicates that SC self-employed persons have marginally lower literacy levels than the state average of 68 percent among SCs. Less than half (44 percent) of self-employed persons have completed secondary (10th class) education. Nearly 10 percent have completed intermediate (+2), and six percent are undergraduates. Interestingly, two percent have earned a diploma or ITI qualification, and another two percent are postgraduates. The non-literacy rate in rural areas is almost 40 percent, compared to just over a fourth (27 percent) in urban areas. Self-employed persons in rural areas are less likely to have formal education than those in urban areas. The findings related to diploma/ITI qualifications reveal a higher percentage in urban areas (4 percent) compared to rural areas (1 percent). In terms of gender, almost half of the females are illiterate, while the corresponding figure for males is 35 percent. The pattern reflects the general population, as males among the SC self-employed tend to be better educated at all levels of education than females (see Table 3).

Table 3: Educational Levels of Self-Employed Persons by Location, Gender, and Sub-Caste (all figures are %)

Level of Education	Male	Female	Rural	Urban	Madiga	Mala	Other sub-caste	All
Not-literate	34.8	47.5	39.2	27.3	36.8	28.6	42.4	35.9
Up to 10 th Class	44.2	38.6	43.0	45.7	43.2	44.6	44.3	43.7
Intermediate (+2)	10.0	7.9	8.5	13.5	9.4	12.3	8.1	9.8
Diploma/ Polytechnic/ITI	2.1	1.0	1.2	4.3	1.9	4.1	0.0	2.0
Undergraduate (UG)	6.9	4.0	6.5	7.1	6.7	8.9	3.3	6.6
Post-Graduate (PG)	1.8	1.0	1.5	2.1	1.7	1.5	1.9	1.7
Others	0.2	0.0	0.2	0.0	0.3	0.0	0.0	0.2
Total	100 (1077)	100 (101)	100 (852)	100 (326)	100 (699)	100 (269)	100 (210)	100 (1178)

Source: Primary data

The study also reveals that Madiga and Mala entrepreneurs are more literate than their counterparts from the other sub-castes. The highest percentage of illiterates is found among the other sub-castes. The Malas have a higher percentage of literate members than the other sub-castes. Among the other sub-castes, the proportion is almost the same at the secondary (10th) level (44 percent) and the postgraduate level (two percent). The Malas have a higher representation of self-employed persons than their Madiga counterparts at the intermediate (+2), diploma, and Polytechnic/ITI levels.

Section III: Status of Self-Employment among Scheduled Castes

The baseline survey found that 11 percent (1,094) of the sample households in the survey have at least one member who is self-employed. Nearly three-fourths (73 percent) of the self-employed are located in rural areas, while the remaining 27 percent are in urban areas. Additionally, compared to rural areas, a higher proportion of urban households have more than one self-employed person. Over a tenth (12 percent) of the 2,573 urban households have self-employed members, compared to 11 percent of the 7,640 rural sample households. With regard to sub-castes, 61 percent of the self-employed belong to the Madiga community, one-quarter belong to the Mala community, and the remainder belong to other sub-castes (see Table 4).

Table 4: Percentage Distribution of SC Self-Employed Households by the Number of Self-Employed Members across Locations and Sub-Castes

Self-Employed Member	Rural	Urban	Madiga	Mala	Other Sub-Castes	All
One self-employed member	93.6	91.6	94.9	92.8	86.5	93.1
More than one self-employed member	6.4	8.4	5.1	7.2	13.5	6.9
Total	100	100	100	100	100	100

Source: Primary data

The other sub-castes reported the highest share of households with more than one self-employed member (13.5%), followed by the Malas (7.2%), while the Madigas reported the lowest proportion (5.1%). For example, the entire Holiya Dasari household (the head, elder son, and daughter-in-law) from Aloor village in Jogulamba Gadwal district is engaged in a family enterprise. This itinerant family uses their truck to sell wares in weekly markets across various locations in the district, such as Gadwal, Anaparthi, Gobburu, Erigere, Yapaladinne, and Korikunda, between November and April. Each member earns a net income of around Rs 500 per day.

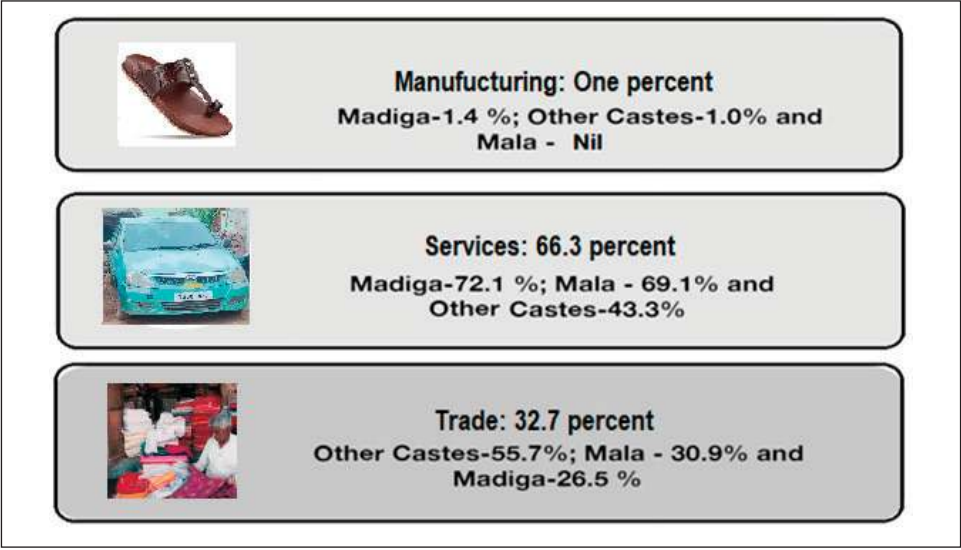
When the data is broken down by income quintiles, in urban areas, the second quintile (medium-income group) accounts for the largest share of self-employed persons (44%), followed by the fourth quintile (41%). People in the first quintile (low income) reported an extremely low level of self-employment, whereas those in the third and fifth quintiles (high-income groups) indicated nearly the same share (37%). The situation is reversed in rural areas, where respondents from the first quintile reported higher levels of self-employment than those in the other quintiles.

In terms of income quintiles, Madiga self-employed individuals are most prevalent in the fourth quintile, followed by the fifth, third, and second quintiles, with the lowest share in the first quintile (low-income group). For the Malas, self-employment activities are highest in the fifth quintile (high-income group), indicating that the Mala sub-caste constitutes the largest portion of this category. They are followed by the second, third, and first quintiles, with the lowest share in the fourth quintile. Among the other sub-castes, self-employed individuals are most prevalent in the first quintile (low-income group), followed by the third, fourth, and second quintiles, with the lowest share in the fifth quintile (high-income group).

Types of Self-Employment Activities: Primary data indicates that a total of 1,178 SC entrepreneurs are engaged in 85 different types of self-employment activities (see Annexure 2). For analytical simplicity, all 85 activities were classified into three broad sectors: manufacturing, services, and trade. Among these, the services sector represents the highest share of self-employment and is the most widespread, accounting for 66 percent of all self-employed persons and covering 56 types of activities. This sector includes the construction sub-sector, retail, transportation, livestock units, and motor servicing-related activities. Trade is the second-largest sector, comprising 25 activities that together make up one-third of the total self-employment activities (see Figure 4). The study identified four types of manufacturing activities: footwear making, doormats, broomsticks, and bricks. Barely one percent of self-employed persons are engaged in manufacturing. Additionally, the reported manufacturing activities are essentially micro-manufacturing units that are own-account, household-based, and informal in nature. These results clearly indicate that SC self-employed individuals have almost no presence in manufacturing activities, a finding with significant policy implications.

In rural areas, four activities—auto rickshaw transport, retail trade, tractor hiring, and *kirana* (grocery) shops—account for more than half (53 percent) of all self-employment activities (852). Close to 10 percent (83 households) of SC entrepreneurs are engaged in or manage activities such as restaurants, cab services, DJ services, centring services, poultry units, flour mills, and videography. In urban areas, the majority of SC households pursue ventures such as auto rickshaws, retail outlets, and *kirana* shops (see Annexure 3).

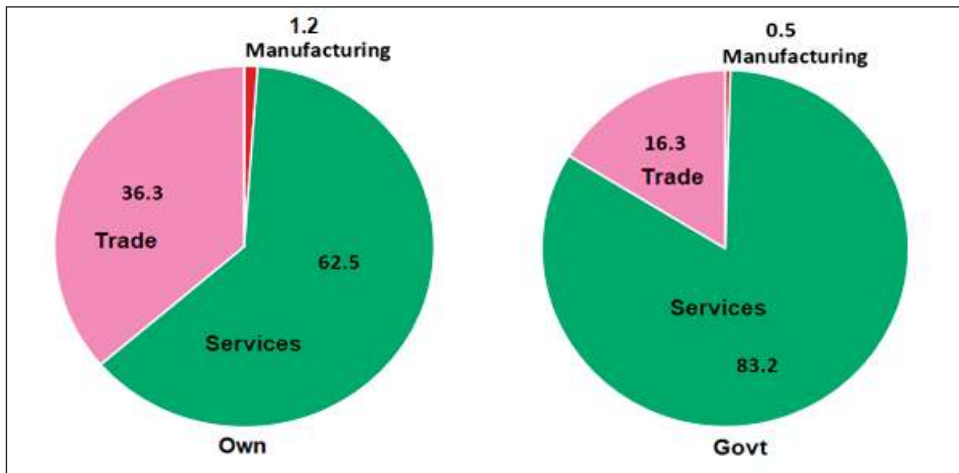
Figure 4: Sector-wise distribution of self-employment activities



Source: Primary data

All self-employment activities were classified into two categories: own or self-financed, and government-supported (usually through schemes). The study found that nearly 82 percent (963) of all activities were self-financed, while the remaining 18 percent (215) were funded through government schemes. A sector-wise breakdown of self-employment ventures shows that the manufacturing sector accounts for just one percent of self-financed activities, while its share under government schemes is less than one percent. In the government-supported category, the majority of activities (83 percent) fall under the services sector, compared to 62 percent in the self-financed category. Conversely, trade-related ventures make up a considerably higher share of self-financed activities (36%) than government-supported activities, where only 16 percent belong to the trade sector (see Figure 5).

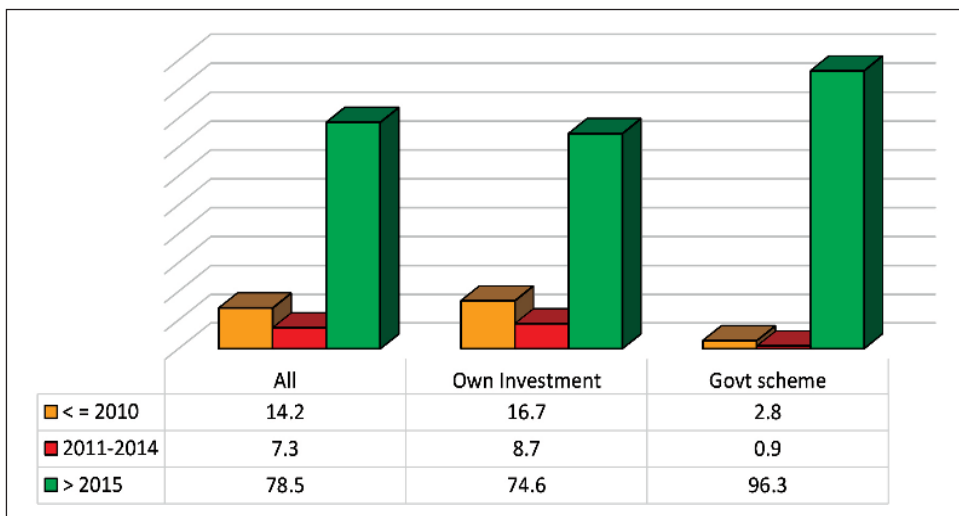
Figure 5: Sector-Wise Composition of Self-Employment Activities (in %)



Source: Primary Survey

Timeline of Self-Employment Ventures: The study found that, of the 1,178 ventures, 14 percent of activities were started prior to 2010; the lowest share (seven percent) of activities was established between 2011 and 2014; and the remaining 79 percent were started following the creation of Telangana State in 2014 (see Figure 6). This indicates that self-employment activities among SCs show a remarkable expansion after 2014.

Figure 6: Timeline of SC Self-Employment Activities (all figures are %)

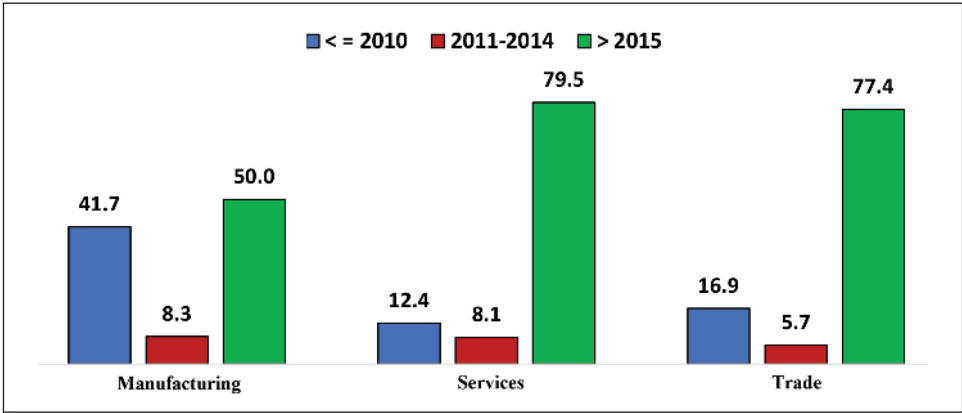


Source: Primary data

Prior to the formation of the State, only a third of the activities were established in urban areas, with the remaining activities established between 2015 and 2023. In rural areas, a sixth of self-employment ventures were established prior to the creation of Telangana, while the rest (83 percent) were started after the State formation. This suggests that SC households in rural areas benefited more from government schemes than their urban counterparts following the formation of the State. During the post-State formation period, the Madiga caste emerged as the sub-caste with the highest share of activities (83 percent), followed by the Malas (75 percent) and other sub-castes (71 percent). It was also found that, between 2011 and 2014, there were very few enterprises run by the SCs.

According to sector-specific self-employment, all types of activities experienced a rapid growth following the formation of Telangana State (i.e., after 2015). Prior to 2010, SC self-employment ventures experienced slow growth and the trend continued during the 2011–2014 period. In all categories, the number of self-employment activities among the SCs was the lowest between 2011 and 2014, indicating that government support for promoting self-employment was minimal during this period (see Figure 7).

Figure 7: Timeline of SC Self-Employment Activities by Sectors
(all figures are %)



Source: Primary data

7. Levels of Investment in Self-Employment Ventures

The level of investments made in self-employment is important for assessing the scale and the returns from the activities. Investment data on three categories of activities—self-financed, government-supported, and the Dalit Bandhu Scheme—was collected;

and the investment data was analysed into the average, minimum, and maximum amounts invested in different types of enterprises. The findings show that women make up only about nine percent of the total number of self-employed ventures, with men running most of the activities (see Table 5). Most male and female entrepreneurs rely on self-financed ventures rather than on government schemes. Regarding government-supported activities, men account for 19 percent and women represent 16 percent. Key factors contributing to the low female participation in self-employment include a lack of awareness about government programs, limited family support, financial constraints for investment, low educational levels, and low access to skill development interventions.

Table 5: Sector-Wise Self-Employment Ventures by Gender

Sector wise	Male			Female			All
	Self-funded	Government	Total	Self-funded	Government	Total	
Manufacturing	1.3	0.5	1.1	0.0	0.0	0.0	1.0
Services	63.4	83.3	67.2	54.7	83.3	56.4	66.3
Trade	35.4	16.3	31.7	45.3	16.7	43.6	32.7
Grand Total	100 (868)	100 (209)	100 (1077)	100 (95)	100 (6)	100 (101)	100 (1178)

Source: Primary Survey

Section IV: Types of Self-Employment Ventures and Current Status

An individual who works for themselves rather than being employed by a business or organization is known as a self-employed person. This paper categorizes self-employment ventures into three types: self-funded, government-supported, and others. Government-supported schemes are further divided into two categories: the Dalit Bandhu Scheme (DBS) and non-DBS schemes. Self-funded activities are financed using the individual’s own resources. While the entrepreneur has full control over the business, there is significant financial risk. Funds are typically raised through personal savings, family contributions, home equity, personal loans, or other sources. In contrast, government funding consists entirely of capital or investment provided by the government to start or operate the business or enterprise, with or without subsidies. Some government programs offer full grants to start business units. For example, in Telangana, the Dalit Bandhu Scheme (DBS) provides full grants to SC beneficiaries. Introduced in 2021, the DBS aims to promote the economic advancement of SC households. Under this

scheme, all SC households are eligible for one-time capital assistance of ₹ 10 lakhs in the form of a grant (100% subsidy) to launch income-generating ventures of their choice, without the need for a bank loan.

The government provides funds under the scheme across the following sectors: agriculture and allied activities; manufacturing and industry; retail and shops; transport; services and supplies; and animal husbandry. The DBS scheme is examined separately in this paper on account of its policy implications, such as the substantial investments made in it, the scale of the enterprises run by the beneficiaries, and the presumed positive impacts on the beneficiary households.

Other self-employment schemes with sparse coverage were also captured by the survey; these include the Economic Support Scheme (ESS) and the T-PRIDE-based activities. The ESS of the Telangana government was aimed at enhancing the economic status of the Scheduled Tribes (STs), Scheduled Castes (SCs), and other marginalized social groups through the promotion of sustainable livelihoods. The scheme extends financial support (mainly through subsidies) to self-employment and small business ventures. Non-Governmental Organizations (NGOs), including the initiatives under CSR (Corporate Social Responsibility), were also reported from some districts. The initiatives also include skill development and marketing support. The Telangana government’s T-PRIDE (Telangana State Program for Rapid Incubation of Dalit Entrepreneurs) program provides financial aid, subsidies, training, and other incentives to entrepreneurs from Scheduled Castes (SC), Scheduled Tribes (ST), and people with disabilities to start self-employment ventures in different sectors. In order to promote equitable industrial growth, the program offers incentives such as preferential land allocation, interest subsidies, increased investment and electricity cost subsidies, and skill development programs. Moreover, it seeks to link these communities with big industries for subcontracting possibilities and assist in building a pipeline of contractors from these communities.

Table 6: Percentage Distribution of Self-Employment Ventures by Type

Type of activity	Self-funded	Government Supported Schemes				All
		DBS	ESS	NGO	T-Pride	
Self-funded	81.7 (963)					81.7 (963)
Government schemes		91.2 (196)	7.0 (15)	0.9 (2)	0.9 (2)	18.3 (215)
Total	81.7 (963)	91.2 (196)	7.0 (15)	0.9(2)	0.9(2)	100 (1178)

Source: Primary Survey * ESS: Economic Support Scheme. DBS: Dalit Bandhu Scheme

The self-employment activities run by SC individuals are generally small-scale, both in terms of capital and employment, and are often traditional in nature. The study revealed another important aspect of these activities: a strong and growing culture of self-financing and risk-taking among SC entrepreneurs. This entrepreneurial spirit is reflected in their initiative and willingness to invest their own funds rather than relying on financial assistance from external agencies. The study found that, out of 1,178 self-employed persons, 82 percent (963) of activities are self-funded, indicating that these enterprises are primarily financed with personal funds, while the remaining one-fifth (18 percent) relied on government schemes. Of the 215 government-supported activities, most of them (91 percent) are funded under the Dalit Bandhu Scheme (DBS); the remaining 9 percent are supported by other schemes such as the Economic Support Scheme (7 percent), T-PRIDE (0.9 percent), and NGOs (0.9 percent) (see Table 6).

There is a significant variation in the distribution of government financial assistance by location. Only four percent of SC self-employed persons received government support in urban areas, compared to one-fourth in rural areas. By sub-caste, three-fourths (78 percent) of Madiga households are engaged in self-funded activities, while the proportions are higher among the Malas (84 percent) and other sub-castes (92 percent) (see Table 7). Government financial assistance was provided to nearly a fourth of Madiga self-employed persons, but the corresponding percentages were significantly lower among the Malas and other sub-castes.

Table 7: Distribution of Activities by Source of Investment Across Locations and Sub-Castes

Nature of activity	Rural	Urban	Madiga	Mala	Others	All
Self-financed	76.2	96.3	78.0	83.6	91.9	81.8
Government schemes	23.8	3.7	22.0	16.4	8.1	18.2
Total	100 (852)	100 (326)	100 (699)	100 (269)	100 (210)	100 (1178)

Source: Primary Survey

With regard to self-funded activities, the highest percentage of self-employed individuals is found in higher-income categories, such as the fourth and fifth income quintiles. In contrast, families in the third quintile have fewer self-employed individuals than those in the second quintile, although the share is still higher than that in the first quintile. The first quintile has the lowest rate of self-employment. Regarding government-funded self-employment activities, the study found a similar pattern: the highest share of government programs went to higher-income groups, while the lowest share was observed among low-income groups.

8. Self-Financed Activities

There are 963 self-employment activities that are self-funded. Among them, the Madigas constitute the largest share (56.6 percent), followed by the Malas (23.4 percent) and other sub-castes (20 percent). Rural areas reported a higher proportion of self-funded ventures (67.4 percent), while urban areas account for the remaining one-third (32.6 percent) (see Tables 8 and 9). Additionally, it is noted that a vast majority of the self-funded self-employed persons (90 percent) are male, with only 10 percent being female. This disparity indicates that the number of female SC self-employed individuals is considerably lower than that of males. Women are predominantly engaged in activities such as tailoring, *kirana* (grocery) shops, small retail shops, beauty parlours, vegetable shops, curry points, livestock keeping, and scrap businesses.

Table 8: Distribution of Self-Funded Activities across Locations, Gender, and Sub-Castes

Location			Gender			Sub- Castes		
	%	No		%	No		%	No
Rural	67.4	649	Female	9.9	95	Madiga	56.6	545
Urban	32.6	314	Male	90.1	868	Mala	23.4	225
						Other sub-castes	20	193
Total	100	963		100	963		100	963

Source: Primary Survey

Out of the 963 self-employed SC persons, nearly one-fourth (23 percent) run retail stores, followed by passenger autos (22 percent). An additional eight percent of SC persons manage *kirana* shops, and 11 percent are engaged in tailoring. Between two and five percent are involved in the following activities such as - petty business (2 percent), DJ or band services on occasions (2.3 percent), livestock keeping (3.8 percent), and tractor services (5 percent). Together, these eight activities account for three-fourths (77 percent) of all self-employment activities (see Table 9).

Self-Employment Activities within the Madiga Community: Most Madiga micro-entrepreneurs are engaged in activities such as passenger cars, tailoring, *kirana* shops, tractors, livestock, DJ or music bands for special events, centring, videography, commercial/transport vehicles (jeep/van), and vehicle servicing shops. The findings also reveal that some Madiga self-employed persons manage activities such as shoe-making, RO/water plant, curry points, broomstick making, and doormat making/selling.

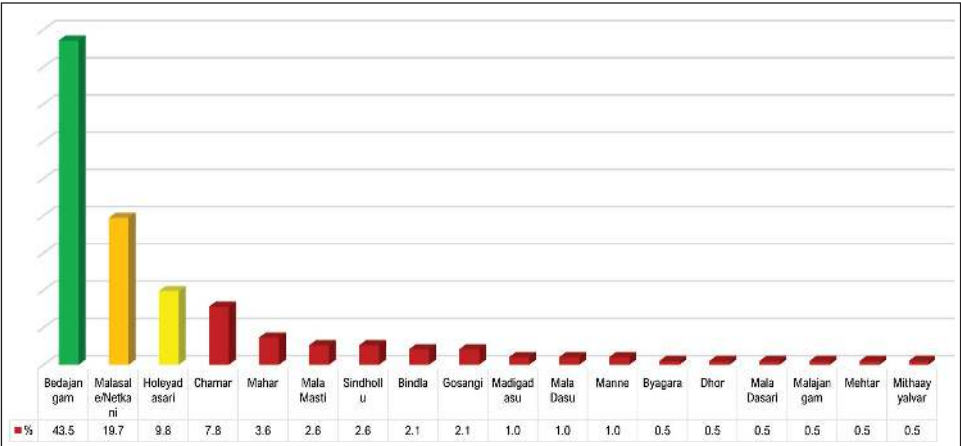
Self-Employment Activities within the Mala Community: In general, Mala entrepreneurs are engaged in “cleaner” and service-sector activities, such as selling clothes, saree business, RMP doctors, and operating petrol bunks. Malas are also engaged in running tea stalls and vegetable shops, which are more common among the Malas than among the Madigas and other sub-castes. Some members of the Mala community also reported engaging in activities such as welding and carpentry.

Figure 8: Self-Funded Activities in the Study Locations



Self-Employment Activities within Other Sub-Castes: The study found that retail stores, small shops, and trades dealing in scrap and used clothing are more prevalent among the category of other sub-castes. However, these enterprises are less common within the Madiga and Mala communities. A total of 18 persons from other sub-castes reported self-employment activities (see Figure 9).

Figure 9: Percentage Distribution of Self-Employed Persons among Other Sub-Castes



Source: Primary survey

Among them, the Bedajangam or Budugajangam community accounts for the highest percentage of activities (43 percent), followed by the Holiya Dasari and Mala Sale/ Nethakani sub-castes, which together account for nearly three-fourths (74 percent) of the activities. The remaining 15 sub-castes account for 26 percent of self-employment activities (see Figure 9).

Self-Employment Activities by Location: Nearly all self-employment activities are prevalent in both rural and urban areas, with the exceptions of scrap business and sale of used clothing, which were reported from rural and urban areas, respectively. Certain businesses, such as sale of used clothing, vegetable shops, and real estate agencies, are more common in urban areas. There are more taxis in rural areas than in urban areas, as self-employed taxi owners often live in rural areas but provide services in urban locations.

Activities that were not found in rural areas include: sale of used clothes, rice trade, shoe shops, vehicle service centres, sale of steel products, stone embossing, beauty parlours, saree shops, cooler and AC servicing, driving schools, house wiring, lift maintenance, and puncture shops. On the other hand, the following activities were absent in urban areas: commercial auto service, xerox centre, artist shop, bookstall, cement shop, coconut vending, fast food centre, gas stove repair, brick making, marriage bureau, online service centres, painter, pan shop, petrol bunk, pharmacy, photo studio, computer coaching centres, office furniture repair, luggage shop, cycle repair shop, JCB service, labs, mini bank, street hawker, chicken shop, fruit shop, broomstick making, tent house, RMP doctor, and scrap business.

Year of Establishment: The vast majority (75 percent) of self-financed activities were started after the formation of Telangana State. The remaining quarter of activities were launched prior to this, with nine percent established between 2011 and 2014, and 16 percent of them prior to 2010. A fifth of the Mala entrepreneurs and the same proportion of the self-employed from other sub-castes (20 percent) became self-employed before 2010; the corresponding proportion is lower among the Madigas (14 percent). Urban areas have a greater share of self-employment activities compared to rural areas, with 23 percent and 14 percent, respectively (see Table 10).

Table 9: Distribution of Self-Financed Activities by Location and Sub-Castes

Activity	Rural	Urban	Madiga	Mala	Other sub-castes	All
Retail Shop	124	95	96	45	78	219 (22.7)
Passenger Auto	150	60	152	38	20	210 (21.8)
Tailoring	75	30	60	33	12	105(10.9)
Kirana Shop	61	18	51	16	12	79 (8.2)
Tractor	48	3	32	14	5	51(5.3)
Livestock	31	6	24	7	6	37 (3.80)
DJ or Band for Occasions	15	7	14	5	3	22 (2.3)
Petti business	10	9	5	4	10	19 (2.0)
Centring	10	6	12	2	2	16 (1.7)
Videographer	10	6	11	4	1	16 (1.7)
Commercial/transport (Jeep/Van) vehicle	10	2	7	4	1	12 (1.2)
Mechanic Shop	9	3	6	5	1	12 (1.2)
Reselling Used Clothes	0	9	0	0	9	9 (0.9)
Construction Field	6	2	4	3	1	8 (0.8)
Electrician Work	6	2	3	3	2	8 (0.8)
Tea Stall	4	4	3	4	1	8 (0.8)
Vegetables Shop	1	7	3	5	0	8 (0.8)
Real Estate Agent	1	6	5	0	2	7 (0.7)
Restaurant/Hotels	3	2	3	2	0	5 (0.5)
Scrap Business	5	0	1	0	4	5(0.5)
Taxi	4	1	3	2	0	5(0.5)
Other Activities*	42	36	50	29	23	102 (10.6)
Total	649 (67.4)	314 (32.6)	545 (56.6)	225 (23.4)	193 (20.0)	963 (100.0)

Source: Primary Survey *see Annexure 3

Table 10: Timeline of Self-Funded Enterprises by Location and Sub-Caste

Year of Establishment	Madiga	Mala	Other sub-castes	Rural	Urban	All
< 2010	14.3	20.0	19.7	13.7	22.9	16.7 (161)
2011-2014	7.9	8.9	10.9	7.7	10.8	8.7 (84)
>2015	77.8	71.1	69.4	78.6	66.2	74.6 (718)
Total	100 (545)	100 (225)	100 (193)	100 (649)	100 (314)	100.0(963)

Source: Primary Survey

Between 2011 and 2014, the prevalence of self-financed enterprises was low among SC sub-castes, as this period represents 8 percent of the Madiga and 9 percent of Mala enterprises; the corresponding proportion is marginally higher among other sub-castes at 11 percent. During the same period, 11 percent of activities were started in urban areas, while only 8 percent of them were set up in rural areas. After 2015, the Madiga sub-caste represents the highest percentage of self-funded activities (78 percent), followed by the Malas (71 percent) and other sub-castes (69 percent). As for the rural-urban variation, rural areas reported a higher share of self-funded activities (78.6 percent) than urban areas (66.2 percent) (see Table 10).

Table 11: Status of Investment in Self-Funded Enterprises by Location, Sub-Caste and Income Quintiles

Total Cost	Rural	Urban	Madiga	Mala	Other sub - castes	Q 1	Q 2	Q 3	Q 4	Q 5	All
Mean (in Lakhs)	2.06	1.71	2.00	2.04	1.69	1.00	1.29	1.46	1.73	3.04	1.95
Min (in Rs)	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
Max (in Lakhs)	30	100	22	30	100	10	15	10	20	100	100

Source: Primary Survey

Levels of Investment in Self-funded Activities: Self-funded activities have an average investment of ₹1.95 lakhs, with the lowest investment being just ₹2,000 and the highest investment reaching ₹1 crore. In rural areas, the mean investment is higher than in urban areas. Although the minimum investment is the same in both locations, the maximum investment range differs, from ₹30 lakhs in rural areas to ₹1 crore in urban areas. Regarding the two large sub-caste groups, Madiga and Mala, the mean investment is comparable (₹2 lakhs); however, it is lower for other sub-castes (₹1.7 lakhs). In terms of maximum investment, the Madigas (₹22 lakhs) and Malas (₹30 lakhs) have made lower investments compared to other sub-castes, some of whom invested up to ₹1 crore. Across income quintiles, the maximum investment in the first quintile is ₹10 lakhs, while in the fifth quintile it reaches ₹1 crore. The mean investment rises with household income, showing a clear positive correlation between income and the scale of enterprise (see Table 11).

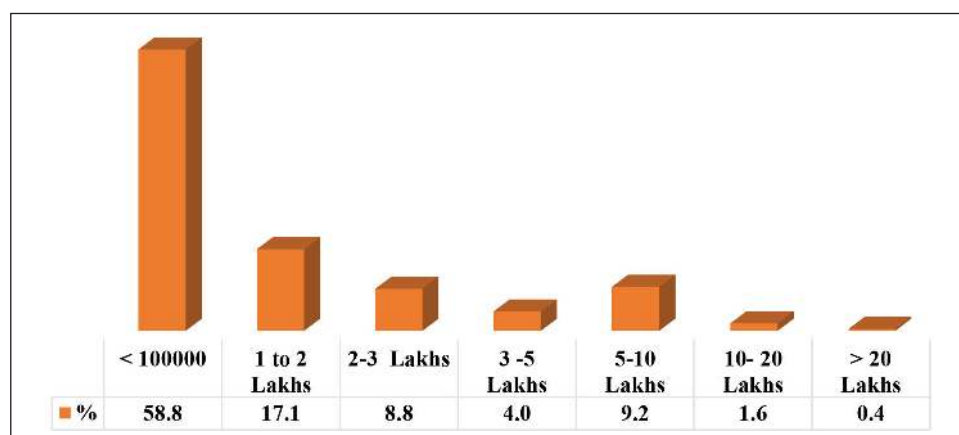
Table 12: Sub Caste-Wise Distribution of Enterprises by Investment Categories (%)

Sub Castes	< 1 lakh	1 -2 Lakhs	2-3 Lakhs	3 -5 Lakhs	5-10 Lakhs	10- 20 Lakhs	> 20 Lakhs	All
Madiga	49.5	64.8	76.5	71.8	60.7	66.7	25.0	56.6
Mala	25.6	18.8	14.1	12.8	30.3	20.0	50.0	23.4
Other sub- castes	24.9	16.4	9.4	15.4	9.0	13.3	25.0	20.0
Grand Total	100 (566)	100 (165)	100 (85)	100 (39)	100 (89)	100 (15)	100 (4)	100 (963)

Source: Primary Survey

The survey findings indicate that micro activities such as doormat making, vegetable shop, coconuts vending, tailoring, and retail shop entail a minimal initial investment of ₹2,000. A real estate entrepreneur from other sub-castes in Mancheri urban ward reported the highest investment of ₹1 crore.

Figure 10: Level of Investment (in Rs) in Self-Funded Activities



Source: Primary Survey

Disaggregation of data by sub-castes shows that half of the Madiga self-employed persons invested less than ₹1 lakh in their activities, followed by the Malas and other sub-castes with much lower shares (25% each). A similar pattern is observed in the investment categories ranging from ₹1–3 lakhs to ₹10–20 lakhs, with Madigas leading by far with the largest share, followed by other communities with much lower shares. In the above ₹20 lakhs investment category, Madiga and other sub-castes reported one activity each, while the Mala group returned two units (see Table 12).

Figure 11: Holiya Dasari Self-Employed Family (Aloor, Jogulamba district)



Source: Primary Survey

Of the 963 self-funded entrepreneurs, 59 percent (566) invested up to Rs 1 lakh, while 17 percent (165) invested between Rs 1 lakh and Rs 2 lakh in their activities. An additional 16 percent (155) invested between Rs 2 lakh and Rs 5 lakh, while the remaining 8 percent (77) invested between Rs 5 lakh and one crore or more. Among these 77 self-employed persons, 58 spent between Rs 5 lakh and Rs 10 lakh, 15 spent between Rs 10 lakh and Rs 20 lakh, and four invested more than Rs 20 lakh in their ventures (see Figure 10).

Access to finance and the ability to mobilize funds: Of the 963 self-funded entrepreneurs, 12 percent took out bank loans. Across the sub-castes, 14 percent of the Madiga, 12 percent of the Mala, and 7 percent of the other sub-castes availed themselves of bank loans. The results also show that self-funded persons from the other sub-castes were much less likely to access bank loans, mainly due to a lack of awareness about banking procedures. With respect to area-specific differences, 13 percent of rural respondents and 11 percent of urban respondents accessed bank loans, indicating that rural self-employed persons relied more on bank loans than their urban counterparts (see Table 13).

Table 13: Percentage of Self-Employed Persons Who Accessed Bank Loans

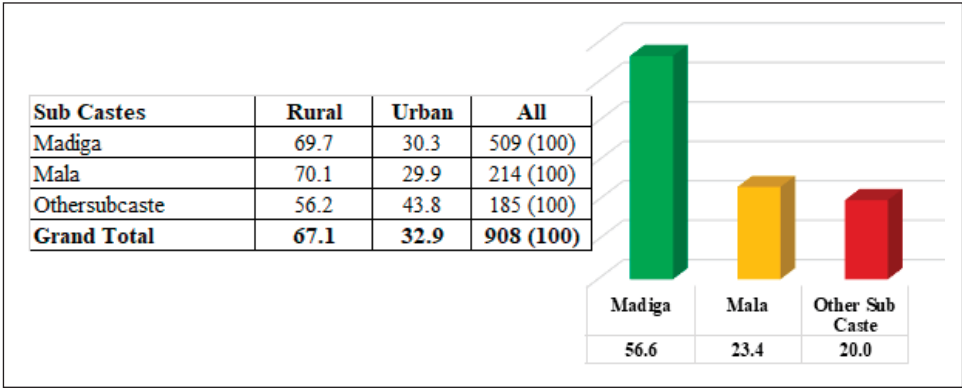
Accessed bank loans?	Rural	Urban	Madiga	Mala	Other sub-castes	All
Yes	12.9	11.1	14.3	12.4	6.7	12.4 (119)
No	87.1	88.9	85.7	87.6	93.3	87.6 (844)
Total	100 (649)	100 (314)	100 (545)	100 (225)	100 (193)	100 (963)

Source: Primary Survey

In terms of the minimum and maximum levels of bank loan data, the range starts from Rs 10,000 and goes up to Rs 22 lakh. Out of 119 entrepreneurs who took out bank loans, 45 percent (54) borrowed less than Rs 1 lakh, while about one-fifth (21 percent) borrowed between Rs one lakh and two lakhs. It was also found that 9 percent of self-employed persons borrowed between Rs 2 lakh and Rs 3 lakh, and another 13 percent borrowed between Rs 3 and 5 lakh. In the Rs 5 lakh to 10 lakh category, only 8 percent of self-employed persons accessed bank loans. The remaining 4 percent borrowed more than Rs 10 lakh. All of them were from rural areas, including three members from the Madiga and Mala castes, while the remaining one belonged to the other sub-castes (Mala Sale/Nethakani).

Only three of the 119 self-funded entrepreneurs had taken bank loans exceeding Rs 20 lakh to invest in real estate projects, purchase JCB machines, and to establish a petrol station. The vast majority of self-funded persons (85 percent) who availed themselves of bank loans did so after the formation of Telangana State (2015–2023). During 2015–2023, access remained relatively low because the SC Corporation did not offer self-employment programs with a 60 percent subsidy. One of the respondents mentioned that most self-employed persons accessed institutional finance by offering collateral (property or gold).

Figure 12: Location of Self-Financed Activities by Sub-Castes

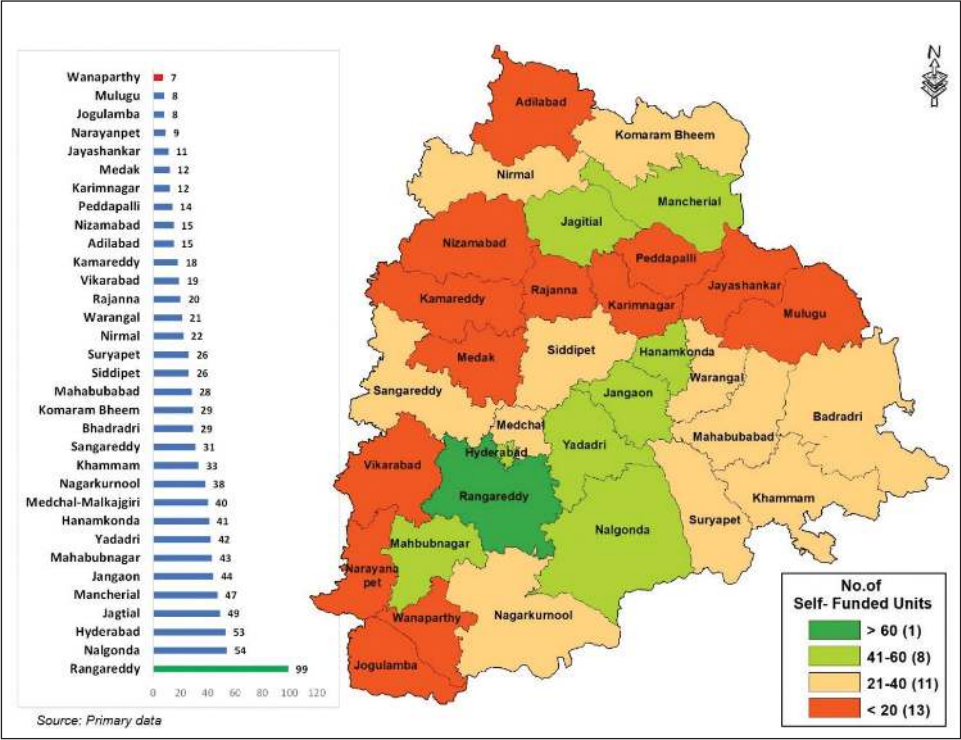


Source: Primary Data

Current Status of Self-Employment Activities: Of the total 963 self-funded activities, 94 percent (908) are still in existence and operational. Area-wise, one-third (33 percent) of these activities are in urban areas and the remaining 67 percent are in rural areas. Within sub-castes, the proportions of operational ventures are: 93 percent, 95 percent,

and 96 percent for Madigas, Malas and other sub-castes respectively. The highest percentage of operational self-employment activities was reported by the Madiga sub-caste (56 percent), followed by the Mala sub-caste (23 percent), and other sub-castes (20 percent) (see Figure 12). The survey results also reveal that, out of 95 women-led activities, 90 percent (89) are still in existence. Similarly, out of 868 male-headed activities, 94 percent (822) continue to operate. In other words, 55 activities (6 percent) out of the 963 self-funded ones had closed. Among these 55 activities, 36 were from the Madiga caste, 11 from the Mala, and the remaining 8 from other sub-castes (including Sindhollu, Bedajangam, Bindla, and Malasale/Netkani).

Figure 13: Spread of Self-Funded Activities across the Districts of Telangana



Source: Primary Data

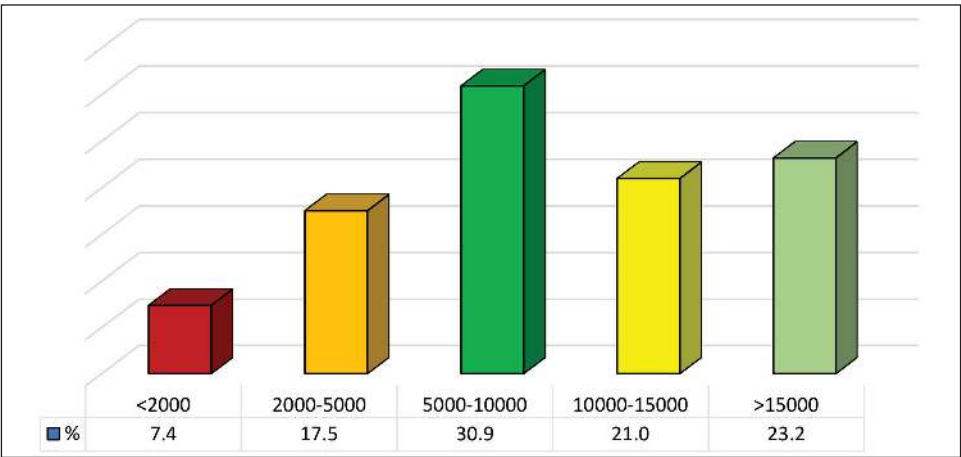
Reasons for Winding Up Ventures: The main reasons reported for the closure include: management problems (40 percent); financial loss or difficulties (24 percent); lack of demand for the service or product (18 percent); other reasons (16 percent); and the sale of the activity (2 percent). A higher proportion of activities were closed in rural areas compared to urban ones, primarily due to management constraints (15) and financial

challenges (10). Other contributing factors include low earnings from the activity, lack of demand, health issues, personal reasons, and disposal of ventures.

Net Earnings from Self-Funded Activities: To assess the success and viability of the activities undertaken, the study collected data on the profitability of self-funded units. Of the 908 existing activities, 95 percent (867) of self-funded persons reported generating a profit, while the remaining 5 percent (41) reported no returns. When disaggregated by location, 95 percent of both rural and urban self-funded persons reported profits from their activities. A breakdown of profitable activities by sub-castes shows that the Madigas manage 57% of the 867 profitable units, followed by the Malas (23%), and the other sub-castes (20%). The data shows that members of the Madiga caste derive higher earnings than those of the other two sub-caste groupings.

Monthly Income: Of 867 self-funded ventures that reported profits, nearly one-quarter (23 percent) earn more than Rs 15,000 per month, while about one-fifth (21 percent) earn between Rs 10,000 and Rs 15,000 per month. A further third (31 percent) reported monthly earnings of between Rs 5,000 and Rs 10,000, and one-quarter (25 percent) earn less than Rs 5,000 per month (see Figure 14).

Figure 14: Levels of Monthly Income of Self-Funded Ventures



Source: Primary Survey

The study also revealed an interesting finding that a small proportion (7 percent) of self-funded persons reported net incomes of less than Rs 2,000 per month (see Figure 14). These activities include: vegetable vending; centring; bicycle repair; DJ or music band; drip irrigation supervision; kirana shop; livestock unit; passenger auto; real estate

agent; retail shop; PMP doctor; RO water plant; tailoring; taxi driving; tea shop; and videographer. Primary reasons reported for low and unreliable returns include: a lack of demand for the service/product; high competition and market saturation due to an increased number of service providers in the activity; and the part-time nature of the work. For instance, in Palem village of Nalgonda district, four Madiga households manage the same activity in the locality, namely a *kirana* store.

Employment Creation: Of 908 operational self-employment activities, 13 percent (117) of them provide work for others; close to two-thirds (64 percent) of such enterprises are located in rural areas and the remaining 36 percent are in urban areas. Disaggregation of the 117 employment-creating self-employment units by sub-caste indicates that 66 units are run by members of the Madiga community, 33 by members of the Mala community, and the remaining 18 by members of other sub-castes.

Level of Access to Training: To manage self-employment activities effectively, owners require adequate training and experience. The study collected data from the SC self-funded ventures in this regard. It was found that 102 (11 percent) of the total 908 SC self-funded entrepreneurs had participated in training programs, with the proportion being almost the same (11 percent) in both rural and urban areas. In relation to sub-castes, 12% of Madiga entrepreneurs reported participation in skilling programs; the equivalent figures for Malas and other sub-castes were 13.6% and 6.5% respectively. Overall, the need for training is relatively higher among Malas compared to other sub-castes. This finding clearly indicates the need to improve the coverage under skilling interventions.

Regarding further training needs, out of 908 self-employed persons, 18 percent (168) expressed the requirement and willingness for training or upskilling in managing their units. Madiga ventures make up 60 percent of those who are ready to undergo training; the Malas constitute 22 percent, and the other sub-castes account for the remaining 18 percent of the category.

9. Status of Government-Supported Activities (excluding Dalit Bandhu Scheme)

This section focuses on government-supported self-employment activities or schemes, as it is important to understand the extent of government support in fostering self-employment, particularly, the types of activities funded across different sectors, the levels of funding provided, the current status of the ventures, and their sustainability. Of 1,178 self-employment activities, 1.6 percent (19) were government-supported

activities (excluding the DBS), of which passenger autorickshaws (6) and retail shops (5) accounted for the top activities. In rural areas, passenger autos and retail shops were the most common activities in terms of number and spread, while in urban areas, retail shops (2) were more prominent. Almost all 19 activities (except one) were run by male entrepreneurs (see Table 14).

Across the sub-castes, the findings reveal that half of the government schemes were awarded to Madiga beneficiaries, a third (6) to Mala beneficiaries, and only three to beneficiaries from the other sub-castes. Self-employed persons from the Madiga community manage activities such as passenger autorickshaws, retail outlets, and tailoring. Among the Malas, four out of six entrepreneurs operate passenger autorickshaws. For the other sub-castes, the three beneficiaries are engaged in different activities: a centring unit (Mala Sale/Nethakani), DJ and musical band services (Baindla), and a retail shop (Beda Jangam).

Table 14: Government-Supported Activities by Location, Sub-Caste, and Gender

Activity	Rural	Urban	Female	Male	Madiga	Mala	Other sub-castes	All
Carpenter	0	1	0	1	1	0	0	1
Centring	1	0	0	1	0	0	1	1
DJ or musical band	1	1	0	2	1	0	1	2
Drip irrigation dealer	1	0	0	1	0	1	0	1
Kirana Shop	1	0	0	1	1	0	0	1
Passenger Auto	5	1	0	6	2	4	0	6
Retail Shop	1	2	0	3	2	0	1	3
Tailoring	1	1	1	1	2	0	0	2
Tractor	1	0	0	1	1	0	0	1
Videographer	1	0	0	1	0	1	0	1
Total	13	6	1	18	10	6	3	19

Source: Primary data (all figures are numbers)

In terms of sectoral distribution, 14 of the 19 activities fall under the service sector, while the remaining five are in the trade sector. No manufacturing activities were supported by government schemes. Regarding sub-caste representation, seven Madiga, five Mala, and two other sub-caste beneficiaries received support under government schemes, in the service sector. Madiga beneficiaries have three activities, while both Mala and the other sub-castes have one activity each within the trade sector.

Types of Activities and Starting Year: The study identified two types of schemes under Government support for self-employment: the Economic Support Scheme (n=16) and T-PRIDE (n=3), which together supported 19 self-employment ventures. A greater prevalence of government schemes (the ESS and T-PRIDE) was observed in rural areas than in urban areas. Temporal analysis reveals that six ventures commenced prior to 2010, three between 2010 and 2015, and the majority (n=10) after 2015. This indicates that access to government self-employment opportunities improved following the formation of Telangana State. In terms of investment, the study found that the lowest amount was Rs 10,000 and the highest was Rs 7.5 lakhs. The pattern shows that five self-employed persons invested less than Rs 1 lakh, eight invested between Rs one and two lakhs, five put in between Rs 2 and 5 lakhs, and one beneficiary invested 7 lakhs in their activity.

Subsidies: The subsidies awarded to the beneficiaries were grouped into three bands. Six self-employed beneficiaries received subsidies below Rs 50,000; nine received subsidies between Rs 50,000 and Rs 1 lakh; and the remaining four received subsidies exceeding Rs 1 lakh. In terms of sub-castes, 10 Madiga self-employed persons received government subsidies, followed by the beneficiaries from the Mala and other sub-castes. A greater number of subsidy recipients were found in rural areas (13), compared to urban areas (6).

When it comes to the question of access to bank loans, five self-employed persons reported having taken out bank loans. The study also found that 15 self-employed beneficiaries invested their own money in government-sponsored units. Of these, three reported investing over Rs 1 lakh, while the other 12 reported investing less than Rs 1 lakh. Most respondents stated that they invested funds raised through loans or personal savings. Additionally, five self-employed beneficiaries—two from Madiga, two from Mala, and one from other sub-castes—reported outstanding bank loans. Currently, 13 self-employed persons still manage their activities, while the remaining six activities have closed due to various reasons, including financial difficulties, domestic constraints, and other factors. With one exception, all active businesses generate a monthly income. Three self-employed persons reported earning less than Rs 5,000 per month, five earned between Rs 5,000 and Rs 10,000, and the remaining four reported monthly profits exceeding Rs 10,000.

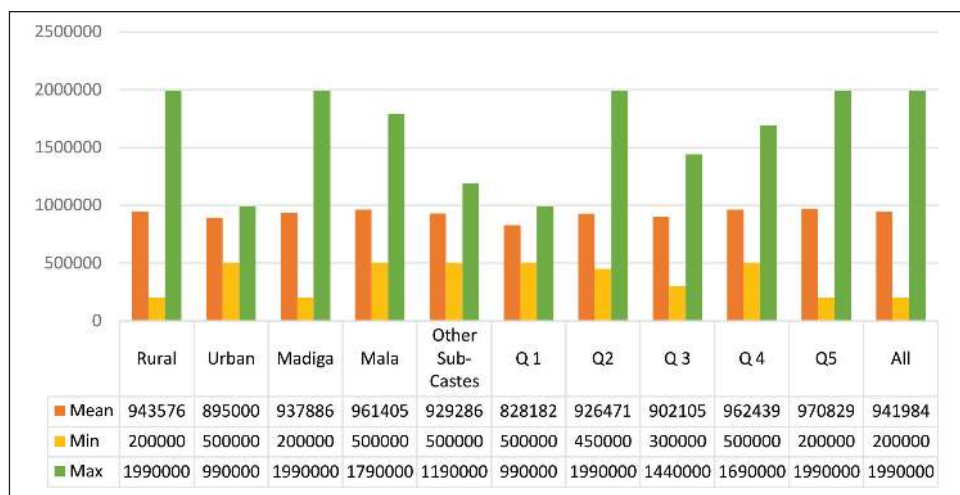
Employment Creation and Skill Development: Of 13 currently operational government-supported units, three units (two in rural areas and one in an urban area) provide employment for others. Only one self-employed person participated a skill development program to manage their business more efficiently. Two beneficiaries reported that they required training to manage their activities successfully.

10. Status of the Dalit Bandhu Scheme (DBS)

The baseline survey found that, of 1,178 self-employment activities, 16 percent (n=196) were supported under the DBS. Most DBS beneficiaries (n=190) are from rural areas, while the remaining six are from urban areas. A quarter of the beneficiaries manage tractors, followed by livestock units (17 percent), retail outlets (10 percent), commercial transport (jeep/van) vehicles (9 percent), passenger autos (9 percent), and taxis (8 percent), together accounting for 77 percent of all activities under the scheme. In urban areas, only retail shops, autorickshaws, and centring units were observed. Only a small percentage of households in rural areas—between one and four percent—are engaged in activities such as dairy, poultry, kirana shops, flour mills, DJ services, and videography. The district with the highest number of DBS recipients is Karimnagar, while the districts at the bottom of the ranking are Vikarabad and Wanaparthy. It needs to be mentioned here that the beneficiary coverage under the scheme was low due to its uneven distribution across districts. The scheme was rolled out in phases, and all 33 districts of the state were not covered at the time of the survey.

The Madiga households are the primary beneficiaries of the DBS, accounting for 73 percent of all recipients. The other two categories, the Malas and other sub-castes, represent 20 percent and 7 percent of beneficiaries, respectively. A sector-wise breakdown of activities reveals that the majority of DBS-supported ventures (85.3 percent) are in the services sector, followed by trade (14.2 percent), and manufacturing (0.5 percent). The services sector encompasses a diverse range of DBS activities in rural areas, such as transportation, farm machinery, construction, and tailoring. Consequently, the service sector performs better than the others (see Annexure 6). Regarding the age profile of beneficiaries, 62 percent are under 40 years of age; 28 percent belong to the 31- 40-year age band; and the remaining 10 percent are 21 to 30 years old. Only five female recipients were covered by the survey, indicating that the beneficiaries are predominantly male.

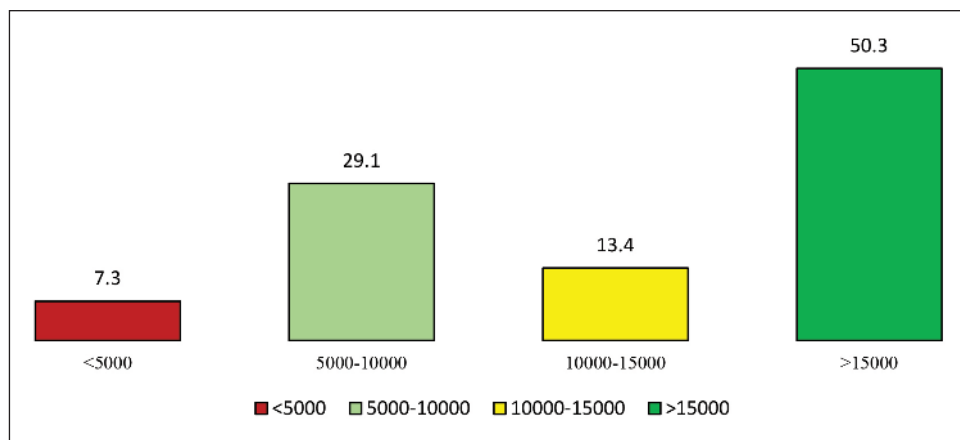
Figure 15: Mean, Minimum and Maximum Investments in DBS Units



Source: Primary Data

The average investment under the Dalit Bandhu Scheme (DBS) is Rs 9.5 lakh, which is significantly higher than ₹2 lakh reported by self-funded activities. The study reveals that the minimum and maximum investments in the DBS are Rs 2 lakh and nearly Rs 20 lakh, respectively. The grant awarded under the DBS is fixed at Rs 9.90 lakh, as Rs 10,000 is deducted as a security deposit. The wide variation in DBS investment may be due to beneficiaries having received only the first instalment or pooling DBS investments from other beneficiaries to launch joint ventures (see Figure 15).

Figure 16: Monthly Earnings of DBS Beneficiaries



Source: Primary data

Returns on Investment: Of the 195 operational DBS units, only 16 (8 percent) reported that they were not generating monthly earnings from their activities, whereas the remaining 92 percent (179 units) reported monthly profits. Notably, all five female DBS beneficiaries reported earning monthly incomes. The findings indicate that half of the DBS recipients earn over Rs 15,000 per month, followed by 13 percent earning between Rs 10,000 and Rs 15,000, and the remaining 30 percent earning between Rs 5,000 and Rs 10,000 per month. Notably, 7 percent of DBS beneficiaries earn less than Rs 5,000 per month (see Figure 16).

Current Status and Outstanding Loans: Of 196 DBS units, only one (livestock) has gone out of business; it is located in Betigal village of Karimnagar district. Six DBS recipients (2.5 percent) have outstanding bank loans. These beneficiaries include three Madiga, two Mala, and one from other sub-castes. What is noteworthy is that 43 percent (85 units) of DBS beneficiaries reported providing employment to others (excluding family members). Among these, three-quarters (73 percent) are Madiga, one-fifth (20 percent) are Mala, and the remaining seven percent are from other sub-castes. Only one DBS activity (the livestock unit mentioned above) was unsuccessful due to the death of livestock.

Access to Training: Regarding training and skilling opportunities, of 196 DBS beneficiaries, 32 (approximately one sixth) participated in training or skill development programs aimed at enhancing their capacity to manage their activities effectively. Among these 32 beneficiaries, 23 are Madiga, four are Mala, and five are from other sub-castes. The study also asked the beneficiaries whether they required further training or skill development to manage their activities better. Close to a third (31 percent) of them indicated their interest in attending training programs to improve their management skills. Most beneficiaries indicated a preference for training in areas such as bricklaying, Mee Seva service provision, retail stores, taxi operation, tractor/harvester/tipper running, livestock management, and flour mill management.

Table 15: Self-Employed Persons Willing to Attend Training Programs
(All figures are %)

	Rural	Urban	Madiga	Mala	Other Sub- Castes	All
Overall	21.1	20.3	22.5	17.1	20.5	20.9
Government Scheme	31.0	25.0	31.8	29.6	23.5	30.7
Self-funded	18.0	20.1	19.8	14.7	20.2	18.7
DBS	32.2	33.3	33.3	29.7	28.6	32.2

Source: Primary Data; DBS (Dalit Bandhu Scheme)

In the context of entrepreneurship promotion, the survey solicited responses from SHG members and young people from the SC community regarding the main challenges associated with self-employment. The insights were as follows:

SHGs: Over half (60 percent) of Self-Help Group members are willing to launch self-employment activities if governments provide the necessary support. Disaggregation of data indicates that 55 percent of urban SHG members and 62 percent of rural SHG members indicated their readiness to start self-employment ventures. In relation to sub-castes, 62 percent of Madiga, 54 percent of Mala, and 57 percent of other sub-castes conveyed their willingness to launch self-employment activities. However, SHG members prefer to start self-employment activities individually rather than as a group, citing constraints related to interpersonal relations and coordination among group members, which are considered barriers to collective enterprises. At the same time, they suggested the following activities as potential group ventures: readymade garments (including school uniforms), shoemaking, soaps, food processing and snacks, poultry, paper plates and other disposables, and dairy.

Youth: A high proportion of youth who have completed their undergraduate and postgraduate education are unemployed. Some young people work as drivers, electricians, and plumbers. Since local resource-based activities greatly benefit the community, the Government should focus on promoting them. For example, in Vilasagar village (Karimnagar district), the DBS provided tractors to most SC households, making it easier for them to transport sand from the nearby Manair river. One B. Tech. student even quit his studies to work in sand business, and is currently earning Rs 2,000 per day. Satpathy and Kamal (2023) found that the DBS beneficiaries experienced a 2.5-fold increase in income, encouraging savings and asset accumulation. Their finding is consistent with that of the present study. For instance, the DBS beneficiary Mr Nageshwar (Vilasagar), who rents out a JCB, reported earning nearly Rs 90,000 per month, indicating a rapid increase in his annual income.

A majority of young people from the SC community conveyed that they were not receiving any support from the government, as they were unaware of the government schemes and interventions. During the Focus Group Discussion (FGD), rural youth from Hasan Mohmedpally (Medak district), Rajapur (Karimnagar district), and Gouravelly (Siddipet district) observed, “We don’t have any information or updates about the schemes implemented by the government departments or the SC Corporation. Therefore, we are unable to access them”. Most young people struggle to

find employment in either the public or private sectors. The main challenges include a lack of communication skills and inadequate computing skills. Additionally, many young people drop out of skill development programs due to bleak job prospects and low salaries. At the same time, they expressed their willingness to venture into modern sectors for stable employment. Local representatives such as Sarpanches are of the view that establishing manufacturing units in rural areas would generate employment opportunities for young people.

Figure 17: FGDs with SC youth at Gouravelly (Siddipet) and Rajapur (Karimnagar)



Section V: Conclusions and Recommendations

Self-employment ventures are critical to the nation's economic growth and development. When diversified into both services and manufacturing and expanded into MSMEs (Micro, Small, and Medium Enterprises), self-employment can sustain and enhance livelihoods, while simultaneously contributing significantly to the country's progress. The self-employment ecosystem is promoted by both the Government of Telangana and the Government of India through a range of initiatives and reforms. For instance, to improve the overall investment climate in the state, the Government of Telangana introduced the TG-iPASS system, which makes it quicker and simpler to launch a business. In the context of youth unemployment, self-employment has emerged as an important and sustainable livelihood option, with the potential to generate employment for others. This is attributable to several key factors, including rising educational levels, rapid urbanization, limited job opportunities in both the government and private sectors, and a booming services sector in Telangana, which creates extensive opportunities for entrepreneurs.

The Government of Telangana has launched several targeted interventions to promote entrepreneurship among Scheduled Castes. However, such initiatives have limited reach within the target group, as demand far outstrips supply. As evidenced by the findings of the present survey, self-employment ventures among the SCs in Telangana—typically micro and small enterprises with relatively low investments—face several challenges and constraints, as most of the self-employed are first-generation entrepreneurs.

Over the years, the number of self-employed individuals among the SCs has increased significantly. Concurrently, self-employment within this community is predominantly self-financed, with government support accounting for only a minority of ventures. The growth of self-employment has gathered momentum since the formation of Telangana state. The State Government continues to support and strengthen the self-employment ecosystem, with skill development and financial support forming an integral part of its policy framework for promoting entrepreneurship.

The survey reveals that 11 percent of SC households have self-employed persons in the state. The services sector dominates self-employment activities, with retail trade and manufacturing occupying a distant secondary position. The heads of the households manage the largest share of these activities, followed by spouses and sons. Self-employed persons are mostly married, have completed the 10th grade, with only a small proportion possessing technical education. The SC self-employed households, particularly in rural areas, have limited investment capacity, as the investment levels are extremely low; government-supported ventures are virtually absent in urban areas; government beneficiaries, in general, have made higher investments relative to those with self-funded micro-enterprises. Returns from government-sponsored activities are marginally lower than those from self-financed ventures. The majority of self-employed reported monthly incomes and outstanding loans, and most have not participated in skilling or upskilling programs.

There are more self-employed Madigas compared to Malas and other sub-castes. Madigas manage a significantly higher proportion of activities in the manufacturing and services sectors. They have a lower percentage of self-funded ventures but enjoy better access to government schemes. Most Madiga entrepreneurs are engaged in activities such as passenger cars, retail stores, tractors, tailoring, *kirana* shops, and livestock units. In addition, some also run ventures such as flour mills and barber shops.

The Madigas are the primary beneficiaries of the DBS, with investments ranging from ₹2 lakh to ₹20 lakh. The Malas follow, gaining from relatively strong connections with bankers, but they also reported the largest percentage of outstanding debts. A small proportion of activities have been shut down due to management issues, losses, or other financial difficulties. A few entrepreneurs make no profit due to a lack of demand for their products or services. Nearly a tenth of the entrepreneurs attended training events, while a quarter of them indicated readiness to participate in skill development programs.

The comparatively lower share of micro-enterprises owned by Malas, relative to Madigas, is largely attributable to their smaller demographic representation within the SC population of the state. The Malas have a marginally higher literacy rate compared to other sub-castes. The majority of self-employed Malas are married, with most engaged in trade and services. A majority of their investments are self-funded, ranging from ₹2 lakh to ₹30 lakh. Common ventures include retail stores, passenger transport, tailoring shops, tractors, *kirana* stores, and livestock units. Malas also have better access to the DBS. While most Mala self-employment ventures generate income, the levels are generally lower than those reported by other sub-castes. They also reported the lowest percentage of outstanding debts. Business closures were attributed to financial difficulties, losses, or management constraints. Furthermore, some ventures remain unprofitable due to a lack of experience, inadequate funds, or the absence of a sustainable market for their goods and services. Approximately a tenth of the self-employed received formal training, while a sixth expressed their willingness to participate in skill development programmes.

A majority of other sub-castes are engaged in trade-related activities, including retail shops, passenger transport, *kirana* stores, tailoring, sale of second-hand clothing, centring, livestock management, tractor services, and scrap dealing. Together, these account for over three-quarters of their ventures. These ventures are predominantly self-funded, with limited access to institutional finance. Therefore, their share among the DBS beneficiaries and other schemes is extremely low.

All government-supported activities reported outstanding debts, and none of the beneficiaries had access to skilling interventions. Additionally, some government-supported activities have been closed due to management constraints and financial difficulties. A few activities continue to operate without generating monthly earnings, mainly due to low product demand and limited investment capacity for expansion or diversification. Some self-employed persons expressed a willingness to undergo training in areas such as driving, paper plate making, snack preparation, and food processing.

Scheduled Castes are still excluded from certain occupations (Olivelle 2005; Thorat 2009); however, this study reveals that SCs run 85 types of self-employment ventures, including restaurants. This suggests that SCs are in transition, and that at least some appear to have overcome traditional barriers—particularly in urban areas, where anonymity reduces the visibility of caste identity. Thorat also highlights that the private capital owned by SCs remains far lower, which is broadly the case; nevertheless, this study found that one SC entrepreneur invested ₹1 crore in real estate, and 2% of self-funded entrepreneurs invested more than ₹10 lakhs. Therefore, investment capacity is on the rise, especially over the past 10–15 years.

Caste continues to determine occupational stratification in Indian society (Deshpande 2013). However, this study shows that SC entrepreneurs are diversifying into non-traditional activities such as hairdressing, carpentry, and small ruminant rearing. These findings highlight emerging trends indicative of positive and more inclusive social change. Members of SC community often opt for self-employment activities such as RMP, vehicle driving, baking, sale of dairy products, tea shops, vegetable vending, and running bicycle and fertilizer shops (Bhushan and Revathi 2007). This survey, however, found SCs engaged in a diverse range of activities. For instance, in Siddipet district, two SC households have ventured into horticulture and related ventures.

Recommendations

1. A majority of SCs remain uninformed about the government self-employment and entrepreneurship promotion schemes, particularly their implementation processes and guidelines, such as target households, eligibility criteria, application and selection processes, financial assistance, institutional arrangements, and other stipulations. There is a need for an extensive outreach campaign, particularly through print, electronic, and social media platforms (especially WhatsApp), to engage the target households.
2. Given the low and uneven coverage—as this study found—expanding coverage under entrepreneurship promotion interventions needs to be treated as a priority. The spread of self-employment initiatives should also be geographically inclusive. To operationalise this, mandal should be treated as a unit, as this would also create role models in every mandal.
3. In relation to government schemes, beneficiary screening and selection should be carried out through transparent and objective verification of applicants' socio-economic status and eligibility.
4. The involvement of elected representatives in the beneficiary selection process should be minimised or eliminated.
5. Entrepreneurship promotion strategies need to adopt a more inclusive approach that includes the excluded and underrepresented SC sub-castes. This study found that out of the 59 SC sub-castes, micro-entrepreneurial activity is largely confined to the two numerically leading Madiga and Mala communities and a few other small sub-castes, with the other communities remaining excluded from entrepreneurial ventures.
6. Enterprises linked to traditional occupations should receive priority. These include footwear and leather products, herbal medicines, music services (traditional drum-beating and DJ services), and stage performances.
7. Skill development must be integrated with entrepreneurship promotion. Skill development and vocational training should start early in education, and preference should be given to trained applicants in beneficiary selection. Business-specific skills and exposure visits should be integrated with the entrepreneurial ecosystem.

8. Youth and women's SHGs prefer training in Mee Seva services, leather products, tailoring, readymade garments, paper plates, embroidery, *maggam* craft, pickles, snacks, and food processing in general, with market access.
9. Training facilities should be decentralized to mandal headquarters or nearby urban centers for better accessibility.
10. Finance is critical for enterprise growth. SC entrepreneurs need easier access to institutional credit with flexible terms. Current schemes suffer from insufficient credit for initial investment and working capital. Policy attention is required for collateral-free loans and effective credit guarantees.
11. Market intelligence is a prerequisite for ensuring the sustainability of enterprises, enabling both individual entrepreneurs and SHGs to make objective and informed choices.
12. Evidence indicates that successful enterprises are predicated on robust business networks. Therefore, it is imperative to establish trade associations of SC entrepreneurs—including those of SHGs—commencing with district-level associations federated at the state level.

Case Studies

RO Water Plant: Chandupatla Karthik is a native of Kompelly village in Bhupalpally Mandal of Jayashankar Bhupalpally District. The 30-year-old completed his intermediate education (12th standard). He belongs to the Madiga community. His father is a marginal farmer who owns 2 acres of land, and his parents are engaged in agricultural activities. He purchased an autorickshaw by borrowing Rs 3 lakh from local moneylenders at an exorbitant interest rate of 3% per month. He repaid the loan within three years. In January 2021, he was injured in a minor road accident and still has a backbone problem. Following the doctor's advice, he stopped driving his autorickshaw. In June 2021, to earn a stable income, he established a reverse osmosis (RO) water plant, overcoming several odds.



He had made efforts to secure loans or a subsidy from the SC Corporation and public sector banks, but in vain. Subsequently, on the advice of his friends, he approached Cholamandal Corporation Private Ltd and obtained a loan of Rs 10 lakh at an interest rate of 12% per annum with an EMI of Rs 15,000. His business is now yielding steady profits, thanks to his skills and diligence. He stated that in his village, with around 300 households, 75% of households procure water from his plant. Furthermore, he supplies drinking water to 10 nearby villages, using his autorickshaw. He sells normal water at Rs 15 and cool water at Rs 30 per 20 litres. He notes that if the government supports him with a subsidized loan, he could expand his business and generate employment for local youth.

(Coconut) Oil Business: Siripanga Mallikarjun is from Bhuvanagiri town in Yadadri Bhuvanagiri District. The 28-year-old is a B.Sc. graduate. He quit his regular job due to work-related pressure and stress, after working at the Agriculture Insurance Corporation of India (Hyderabad) for one and a half years, and several other companies. In 2016, he started a coconut trading business with support from his parents, with an investment of Rs 2.5 lakh. In 2022, he diversified into edible (coconut) oil business, investing Rs 23 lakh, a loan from Canara Bank at an annual interest rate of 9.55%.

Using advanced technology imported from Coimbatore, his business now supplies coconut oil to the entire Bhuvanagiri city. He also partnered with local groundnut producers through a buy-back arrangement. This ensures that the farmers have an assured access to the local market. Currently, his unit employs six people who earn an average of Rs 8,000 per month, while his monthly profit ranges between Rs 40,000 and 50,000. Mallikarjun reported that government support through the Dalit Bandhu scheme or the SC Corporation's subsidised loan scheme would allow him to further expand his business. He emphasized the importance of training and financial support for skilled youth, noting that such assistance could help them succeed in entrepreneurial ventures.



Traditional Skills: Sunchu Suraiah (47) is from Danasari village in Kesamudram Mandal, Mahabubabad district. He holds an M.A. in Telugu literature and a B.Ed. After a series of unsuccessful attempts to get a decent job, he remains unemployed. He owns 2 acres of *podu* land, on which he grows paddy and chillies. While this provides a moderate income, he encounters challenges in providing a good education to his children. Therefore, he continues his traditional occupation of drum-beating (*dappu*) to contribute to household income. He leads a 15-member team who perform at village events and ceremonies and at political rallies, especially during elections. He earns Rs 500 a day for regular performances and Rs 1,500–2,000 per day during election seasons. He has professionalised his team with special costumes and standardised songs and dance. Suraiah takes pride in preserving his legacy despite his high academic qualifications.



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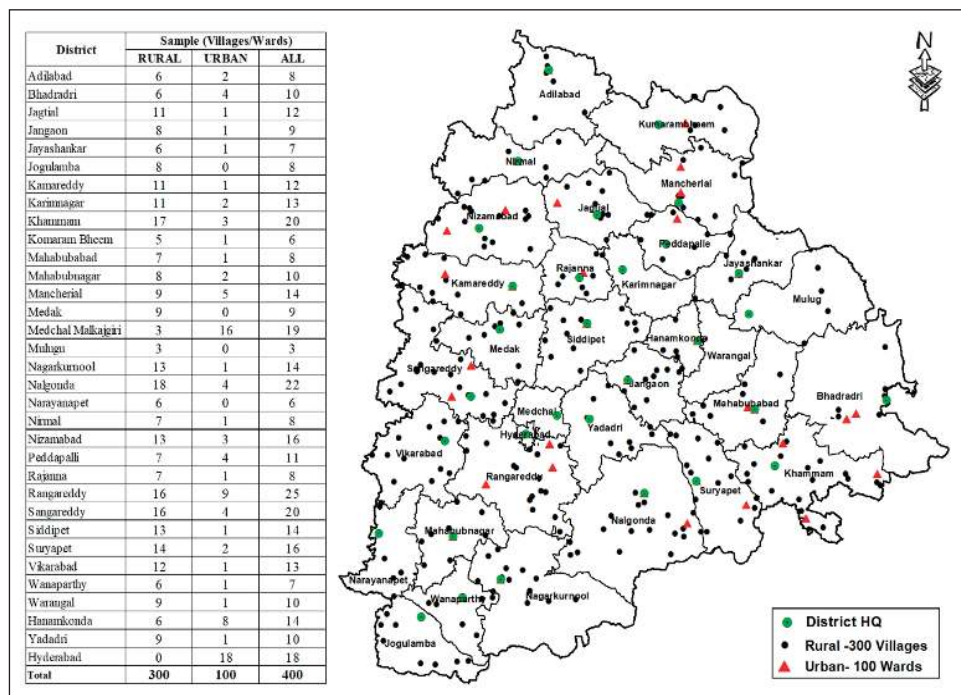
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Annexures

Annexure 1: Locations covered by the baseline survey in Telangana



Annexure 2: Sector-specific self-employment activities pursued by SCs

Type of Sector	Activities	No.
Manufacturing Sector (4 Activities)	Footwear Making; Door Mat Making; Making Broomsticks and Making Bricks.	12
Service Sector (56 Activities)	Ambulance Services; Artist Shop; Beauty Parlour; Carpenter Work; Centering; Commercial/transport (Jeep/Van) vehicle; Computer Skill Development Center; Construction Field; Cooler Mechanic; Curry Point; Cycle Repair Shop; DJ or Band for Occasions; Driving School; Electrician Work; Fast Food Center; Flour Mill; Gas Stove Repairing; Harvester; Hotel; House wiring; JCB; Lab; Lift Maintenance Services; Livestock; Maggam Work Shop; Marriage Bureau; Mechanic Shop; Mee-seva; Mini Bank; Mobile Canteen; Mobile Services; Online Center; Painter; Passenger Auto; Petti business; Photo Studio; Private Coaching Center; Puncture Shop; Real Estate Agents; Restaurants; Revolving Chair Repair; RMP Doctor; RO/Water plant; Service Center; Slab Miller; Stone Embossing; Tailoring; Taxi; Tea Stall; Tent House; Tiffen Center; Tipper; Traali Auto; Tractor; Videographer; Xerox Center.	781
Trade Sector (25 Activities)	Bookstall; Cement Shop; Chappal Shop; Chicken Shop; Clothes Selling; Coconut Selling; Drip Irrigation Business Dealer; Fish Shop; Fruits Shop; Kirana Shop; Pan Shop; Petrol Bunk; Pharmacy; Reselling Used Clothes; Retail Shops; Rexin Shop; Rice Traders; Saree Shop; Scrap Business; Selling Footwear; Selling tools by using Auto; Steel product reselling; Street Hawkers; Vegetables Shop; Welding Shop.	385
Total 85 Activities		1178

Annexure 3: Self-employment activities among SCs by sub-caste

Name of the activity	Madiga	Mala	Other sub- castes	Total
Ambulance Services	2			2
Artist Shop		1		1
Beauty Parlour	1		1	2
Bookstall	1			1
Carpenter Work	1	2	1	4
Cement Shop		3		3
Centring	15	2	7	24
Chappal Shop	1			1
Chicken Shop	1	2		3
Clothes Selling		2		2
Coconut Selling near Temple	1			1
Commercial/Transport (Jeep/Van)	19	6	5	30
Computer Skill Development Centre		1		1
Construction Field	4	3	1	8
Cooler Mechanic	1			1
Curry Point	3			3
Cycle Repair Shop	1	1		2
DJ or Band for Occasions	18	5	4	27
Door Mat Making	2		1	3
Drip Irrigation Business Dealer		1		1
Driving School		1		1
Electrician Work	3	3	2	8
Fast Food Centre	1			1
Fish Shop	1			1
Flour Mill		3	3	6
Footwear Making	3		1	4
Fruits Shop	2	1		3
Gas Stove Repairing			1	1
Harvester	1	1		2
Hotel	1	1		2
House wiring	1			1
JCB	3	1		4
Kirana Shop	58	16	12	86
Lab	2			2
Lift Maintenance Services			1	1
Livestock	50	15	6	71

Name of the activity	Madiga	Mala	Other sub- castes	Total
Maggam Work Shop		1		1
Making Bricks	2			2
Making Broomsticks	3			3
Marriage Bureau			1	1
Mechanic Shop	6	5	1	12
Mee-seva	3		1	4
Mini Bank	1	1		2
Mobile Canteen	1	1		2
Mobile Services	2	1		3
Online Centre		1		1
Painter	1			1
Pan Shop	1			1
Passenger Auto	167	45	21	233
Petrol Bunk		1		1
Petti business	5	4	10	19
Pharmacy			1	1
Photo Studio		1		1
Private Coaching Centre	1			1
Puncture Shop	1	1		2
Real Estate Agent	5		2	7
Reselling Used Clothes			9	9
Restaurant	3	2		5
Retail Shop	111	47	83	241
Revolving Chair Repair	1			1
Rexin Shop		1		1
Rice Traders			1	1
RMP Doctor	1	3		4
RO/Water plant	3	1		4
Saree Shop		2		2
Scrap Business	1		4	5
Selling Footwear			1	1
Selling Tools by using Auto rickshaw			3	3
Service Centre	1			1
Slab Miller	1			1
Steel Product Reselling in Outside			1	1
Stone Embossing	1			1
Street Hawkers			2	2
Tailoring	62	33	12	107

Name of the activity	Madiga	Mala	Other sub- castes	Total
Taxi	16	4		20
Tea Stall	3	4	1	8
Tent House	4		1	5
Tiffin Centre	1	1	2	4
Tipper	1			1
Traali Auto			1	1
Tractor	71	25	5	101
Vegetables Shop	5	5		10
Videographer	14	6	1	21
Welding Shop	2	2		4
Xerox Centre	1			1
Grand Total	699	269	210	1178

Source: Primary Survey

Annexure 4: District wise Self-employment activities carried out by SCs

Name of the District	Self-funded	DBS	Economic Support Scheme	NGO	T-pride	Grand Total
Adilabad	15					15
Bhadradi	29					29
Hanamkonda	41		1	1		43
Hyderabad-GHMC	53	2		1		56
Jagitial	49		1			50
Jangaon	44					44
Jayashankar	11		1			12
Jogulamba	8					8
Kamareddy	18	10				28
Karimnagar	12	116				128
Khammam	33					33
Komaram Bheem	29	1				30
Mahabubabad	28		1			29
Mahabubnagar	43	3	2		2	50
Mancherial	47	1	2			50
Medak	12	20				32
Medchal-Malkajgiri	40		1			41
Mulugu	8					8
Nagarkurnool	38		1			39
Nalgonda	54		1			55
Narayanpet	9					9

Name of the District	Self-funded	DBS	Economic Support Scheme	NGO	T-pride	Grand Total
Nirmal	22					22
Nizamabad	15					15
Peddapalli	14					14
Rajanna	20		2			22
Rangareddy	99		1			100
Sangareddy	31		1			32
Siddipet	26					26
Suryapet	26	20				46
Vikarabad	19	1				20
Wanaparthy	7	1				8
Warangal	21					21
Yadadri	42	21				63
Grand Total	963	196	15	2	2	1178

Source: Primary Survey

Annexure 5: Sub caste-wise distribution of self-employment activities

Sub Castes	Self-funded	DBS	Economic Support Scheme	NGO	T-pride	Grand Total
Madiga	56.6	73.5	53.3	100.0	0.0	59.3
Mala	23.4	19.4	26.7	0.0	100.0	22.8
Other sub- caste	20.0	7.1	20.0	0.0	0.0	17.8
Grand Total	100.0 (963)	100.0 (196)	100.0 (15)	100.0 (2)	100.0 (2)	100.0 (1178)

Source: Primary Survey

Annexure 6: Self-employment activity wise monthly returns from investment (in Rs)

All self-employment activities											
	Rural	Urban	Madiga	Mala	Other sub -castes	Q 1	Q2	Q 3	Q 4	Q5	All
Mean	15674	17652	17046	14244	16028	9882	13700	11586	16099	21536	16226
Min	300	1000	400	1000	300	1000	1000	300	1000	400	300
Max	300000	360000	300000	90000	360000	50000	200000	80000	160000	360000	360000
Dalit Bandu Scheme											
Mean	19484	20333	20068	16271	23000	11000	20154	12543	18786	23907	19515
Min	2000	10000	2000	3000	10000	2000	5000	2500	5000	3000	2000
Max	300000	35000	300000	50000	50000	30000	50000	40000	50000	300000	300000

Source: Primary Survey

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