

# An Analytical Study on the Impact of Pradhan Mantri Mudra Yojana on Small Enterprises in Shajapur District

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**Abstract:** The Pradhan Mantri Mudra Yojana (PMMY) was launched in 2015 to extend collateral-free micro-finance to small entrepreneurs. This research paper aims to analyze the impact of Mudra loans on the growth and development of small enterprises in Shajapur District. Using primary data collected from small business owners, the study assesses whether access to Mudra finance has contributed to business expansion, employment generation, and improved financial stability. The findings indicate a positive impact on business growth, though gaps in awareness and repayment challenges still exist. Recommendations for improved outreach and post-loan support are suggested.

**Keywords:** Mudra Yojana, Small Enterprises, Business Growth, Loan Disbursement, Financial Inclusion, Shajapur District.

**Introduction** - Small enterprises play a vital role in strengthening the rural economy by generating employment and promoting entrepreneurship. Launched in 2015, the Pradhan Mantri Mudra Yojana aims to provide financial support to non-corporate and small business sectors. This paper focuses on the extent to which Mudra loans have facilitated business growth for entrepreneurs in Shajapur District, and identifies the challenges faced during loan utilization and repayment.

## Review of Literature

Government of India (2023) reports confirm Mudra Yojana's role in increasing financial inclusion but highlight a persistent gender gap in loan size and utilization.

RBI (2022) emphasizes the growth of women-led loan accounts under Mudra but notes regional disparities in participation and loan value.

Sharma & Gupta (2020) discuss the gender gap in loan amounts sanctioned, suggesting women tend to avail smaller loans due to limited business capital requirements or social constraints.

NITI Aayog (2021) recommends gender-targeted awareness and training to improve women's access to credit schemes in rural India.

World Bank (2019) highlights that without complementary interventions (skill training, market access), credit schemes alone may not ensure entrepreneurship success, especially for women.

## Research Methodology: -

1. **Type of Research:** Descriptive and analytical.

## 2. Data Collection:

3. **Primary data:** Collected through a structured questionnaire from 100 small enterprise owners in Shajapur.

## Objectives:

1. To study the relationship between Mudra loan utilization and the business growth of small enterprises in Shajapur District.
2. To evaluate the overall impact of Pradhan Mantri Mudra Yojana on the growth of small enterprises in Shajapur District.

## Hypothesis:

1. **H<sub>0</sub> (Null Hypothesis):** There is no significant relationship between Mudra loan utilization and business growth of small enterprises in Shajapur District.

**H<sub>1</sub> (Alternative Hypothesis):** There is a significant relationship between Mudra loan utilization and business growth of small enterprises in Shajapur District.

2. **H<sub>0</sub> (Null Hypothesis):** There is no significant impact of Mudra Yojana on the growth of small enterprises in Shajapur District.

**H<sub>1</sub> (Alternative Hypothesis):** Mudra Yojana has a significant positive impact on the growth of small enterprises in Shajapur District.

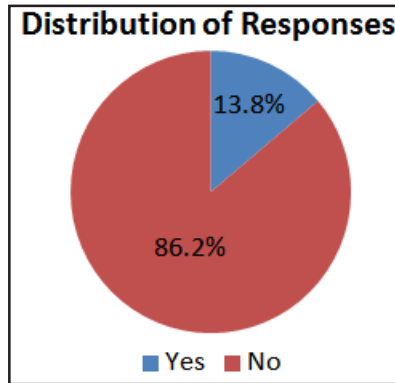
## Data analysis & interpretation: -

1. Mudra loan utilization & business growth small enterprises in shajapur district.

Data was collected through a structured questionnaire from the small enterprises with a total sample. Siegfried of 100 respondents. Based on the responses 86.2% of the

participants answered 'Yes' & 13.8% answered 'No'. These findings have been represented through pie chart.

**Chart No. 01: Pie chart representation of Yes & No responses based on the survey.**



A Z-Test for proportions was performed to assess the statistical significance of the observed response rate.

1. One - fail Z- test for proportions
2. Based on the Z- test analysis with a sample size of 100
3. Z test for one proportion

$$Z = \frac{\hat{P} - P_0}{\sqrt{\frac{P_0 - (1-P_0)}{n}}}$$

$\hat{P}$  (Sample proportion) = 86.2%

= 0.862

(This value is come from survey of yes responses)

$P_0$  (Population proportion) = 0.5 (assume value)

$n$  (Sample value) = 100

Now the value put in the formula.

$$Z = \frac{0.862 - 0.5}{\sqrt{\frac{0.5(1-0.5)}{100}}}$$

$$Z = \frac{0.362}{\sqrt{0.0025}}$$

$$Z = \frac{0.362}{0.05} = 7.24$$

Now we check significant level.

Z (Critical value) + 95% Confidence level

So, Z = 1.645 (one tailed test)

Z (Score) = 7.24

Now Z Score > 1.645

7.24 > 1.645

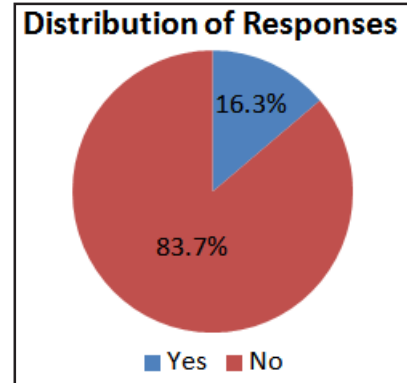
Which is significantly greater than the critical value of 1.645, we reject the null hypothesis ( $H_0$ ) and accept alternative hypothesis ( $H_1$ ).

There is a significant relationship between mudra loan utilization and business expansion in shajapur district.

2. The Impact of the mudra yojana on small enterprises in shajapur district Data was collected through a structured questionnaire from the small enterprises with a total sample. Siege of 100 respondents. Based on the responses 83.7%

of the participants answered 'Yes' & 16.3% answered 'No'. These findings have been represented through pie chart.

**Chart No. 02: Pie chart representation of Yes & No responses based on the survey.**



A Z-Test for proportions was performed to assess the statistical significance of the observed response rate.

1. One – fail Z- test for proportions
2. Based on the Z-test analysis with a sample size of 100
3. Z test for one proportion

$$Z = \frac{\hat{P} - P_0}{\sqrt{\frac{P_0 - (1-P_0)}{n}}}$$

$\hat{P}$  (Sample proportion) = 83.7%

= 0.837

(This value is come from survey of yes responses)

$P_0$  (Population proportion) = 0.5 (assume value)

$n$  (Sample value) = 100

Now the value put in the formula.

$$Z = \frac{0.837 - 0.5}{\sqrt{\frac{0.5(1-0.5)}{100}}}$$

$$Z = \frac{0.337}{\sqrt{0.0025}}$$

$$Z = \frac{0.337}{0.05} = 6.74$$

Now we check significant level.

Z (Critical value): - 95% Confidence level

So, Z = 1.645 (one tailed test)

Z (Score) = 6.74

Z Score > 1.645

6.74 > 1.645

Which is significantly greater than the critical value of 1.645, we reject the null hypothesis ( $H_0$ ) and accept alternative hypothesis ( $H_1$ ).

Mudra yojana has a significant positive impact on the youth of small enterprises in shajapur district.

**Findings:**

1. A very high proportion (86.2%) of respondents confirmed that Mudra loan utilization helped in their business growth.
2. The Z-test value (7.24) is much higher than the critical

value (1.645), leading to the rejection of the null hypothesis.

3. There is a statistically significant positive relationship between Mudra loan utilization and the business growth of small enterprises in Shajapur District.
4. High Utilization Impact: 83.7% of the respondents reported a positive impact of Mudra Yojana on their business growth.
5. Statistical Significance: The Z-test value (6.74) significantly exceeds the critical value (1.645), confirming a meaningful difference.

**Suggestions:** To enhance the effectiveness of the Mudra Yojana, awareness programs should be conducted in rural and semi-urban areas. Post-loan support like advisory services and mentoring must be provided to ensure proper utilization. Simplifying the loan process can boost participation, especially from micro-entrepreneurs. Targeted support for women, such as flexible repayment and lower interest, can increase inclusivity. Lastly, regular monitoring is essential to track loan usage and business outcomes.

**Conclusion:** The research clearly shows that the Pradhan Mantri Mudra Yojana (PMMY) has a significant positive impact on the growth of small enterprises in Shajapur District. The high acceptance rate and the strong statistical significance prove that Mudra loans are instrumental in

business development. However, for sustained success, it is important to back financial support with non-financial assistance like mentoring, training, and financial literacy. Overall, Mudra Yojana has been a game-changer for small businesses, helping them scale and contribute more meaningfully to local economic.

The findings clearly indicate that the Mudra Yojana has a statistically significant and positive impact on the growth and development of small enterprises in Shajapur District. The high proportion of affirmative responses and strong Z-test result validate the effectiveness of the scheme. To maximize the benefits, continued support, awareness, and simplified processes are essential.

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