



## "An Empirical Study on the Influence of Enterprise Type in the Decision to Secure MUDRA Loans"

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### Abstract:

Loans from the Micro Units Development and Refinance Agency (MUDRA) have become a vital financial instrument for encouraging small enterprises and entrepreneurship in India. However, a number of variables, such as the nature of the business, may have an impact on the decision-making process involved in obtaining MUDRA loans. The purpose of this study is to determine the obstacles involved in obtaining MUDRA loans and to look at how enterprise type affects this decision.

Data from a sample of businesses in various industries are analysed in this study using One-Way Single Factor Analysis of Variance (ANOVA) as the statistical method. The study divides businesses into several groups according to their ownership structure, size, and industry. The study uses ANOVA to determine if there are statistically significant differences between the various types of firms' chances of obtaining MUDRA loans. The results point to a number of difficulties in the MUDRA loan decision-making process. First, the analysis shows that the type of firm has a major influence on the possibility of receiving MUDRA finance. When applying for MUDRA loans, small and medium-sized businesses (SMEs) could encounter different obstacles than microenterprises or larger organisations. Second, based on the type of firm, the analysis finds differences in the application and approval procedures, suggesting possible biases or restrictions in the MUDRA lending system. Thirdly, the necessity for specialised financial products and support systems is highlighted by differences in loan usage and payback habits among various business kinds.

Overall, this study adds to our understanding of the nuances surrounding the use of MUDRA loans and emphasises how crucial it is to take enterprise type into account when developing and implementing policies. By addressing the issues raised by this study, MUDRA loans will be more successful in encouraging economic growth and entrepreneurship, which will ultimately lead to inclusive growth in a variety of industries and business models.

### INTRODUCTION

The majority of Indians are impoverished and reside in the nation's interior and rural areas. They are denied access to the advantages of the established financial system. The majority of these individuals are members of scheduled tribes, castes, and other lower social groups. It should be highlighted that the majority of microbusinesses, whether they be retail or trading, are founded or managed by women, who typically lack formal education, training, or banking support. Lack of funding is the main issue many small enterprises are facing. Thus, our Honorable Prime Minister introduced the MUDRA Yojana, through which MUDRA Bank will greatly assist independent contractors and small manufacturing businesses in both rural and urban areas that need funding for up to Rs. 10 lakh. The government's MUDRA Bank initiative has the potential to transform the business landscape and inspire a new generation of entrepreneurs, some of whom may reach heights never before thought possible. In the past, the Indian government provided subsidies to individuals.

The accessibility of financial investment, without the requirement for collateral, allows numerous driven entrepreneurs in Telangana to initiate or enhance their firms. This has resulted in the expansion of the rural economy, extending beyond the boundaries of agriculture to include a wide range of other industries. Moreover, the achievements arising from these rural enterprises are generating a cascading impact, motivating additional persons to initiate their own businesses. The Pradhan Mantri Mudra Yojana (PMMY) has performed an important part in reinventing rural entrepreneurship in Telangana



via offering critical financial aid and cultivating an optimal environment for business growth. Although there have been considerable achievements, there are still ongoing issues that need to be addressed. These challenges include the need to improve financial literacy, ensure prompt access to credit, and simplify the intricacies of the banking system. Notwithstanding these obstacles, the PMMY continues to be an essential instrument for fostering financial inclusivity and empowering rural populations in the area. This study article seeks to thoroughly investigate the effects, challenges, and future prospects of PMMY in promoting rural entrepreneurship and financial empowerment in Telangana.

## **HISTORY AND ORIGIN OF MUDRA YOJANA**

The Pradhan Mantri Mudra Yojana (PMMY) is an initiative supported by the government of India, introduced by the Prime Minister, Narendra Modi, on April 8, 2015. The main goal of this program is to offer monetary assistance to small and micro-enterprises, namely those operated by individuals in the informal sector, in order to facilitate their access to credit and facilitate the growth of their firms.

The Mudra Yojana has its roots in the necessity to provide financial inclusion and assistance to the extensive array of small enterprises and entrepreneurs in India, particularly those operating in the informal sector. A significant number of these enterprises encountered challenges in securing loans from conventional banking establishments as a result of their insufficient collateral and proper documentation.

Three Categories: The scheme categorizes loans into three stages based on the financing needs of the enterprises:

- a. Shishu: Loans up to ₹50,000 for businesses in their initial stages.
- b. Kishore: Loans ranging from ₹50,000 to ₹5 lakh for businesses that have grown beyond the initial stages but still need support.
- c. Tarun: Loans ranging from ₹5 lakh to ₹10 lakh for well-established businesses looking to expand further.

**KEYWORDS:** "Financial Services Accessibility", "Credit Accessibility", "Loan Uptake Factors".

## **Objectives**

1. The aim of this study is to categorise and determine the kinds of businesses that qualify for MUDRA loans very regularly, while also evaluating the ways in which certain business attributes—like ownership structure, dimensions, and industry— affect their choice to obtain financial management through this programme.
2. To evaluate how MUDRA loans affect the economic viability and development paths of different kinds of businesses, along with ascertain when certain businesses gain more significantly from these loans than others.
3. To assess how well the MUDRA loan programme works to encourage financial inclusion for traditionally neglected or marginalised business categories, such as micro and small businesses in rural or economically challenged areas.
4. To examine how outside variables, such as governmental regulations and the state of the economy, affect businesses' decisions to apply for MUDRA loans, with an aim to provide policy recommendations for enhancing the accessibility and utility of these loans.

## **NATURE AND SCOPE OF THE STUDY**

1. Evaluation of PMMY Implementation in Telangana: This study will examine how the Pradhan Mantri MUDRA Yojana (PMMY) is being implemented in the rural areas of Telangana. It will focus on the effectiveness of the program in reaching its target audience, the efficiency of the loan distribution process, and the adequacy of the loan amounts in meeting the needs of rural entrepreneurs.
2. Impact Analysis on Entrepreneurs: The study will analyze the impact of financial inclusion initiatives, particularly PMMY, on the livelihoods of rural entrepreneurs. This includes assessing changes in income levels, business growth, and employment generation as a result of access to finance.



3. Assessment of Financial Literacy and Education Programs: The study will explore the role of financial literacy and education in facilitating financial inclusion and empowerment. It will assess existing financial education programs and their effectiveness in helping rural entrepreneurs understand and utilize financial products and services.
4. Barriers to Financial Inclusion and Entrepreneurial Growth: The scope includes identifying and analysing the barriers that prevent entrepreneurs in Telangana, from fully benefiting from PMMY and other financial inclusion initiatives. This could involve looking at issues like documentation requirements, lack of awareness, or cultural and social factors.

## REVIEW OF LITERATURE:

**1 Dr. J. Venkatesh and MS. R. Lavanya Kumari (2017).** has demonstrated that initiatives that solely concentrate on entrepreneurs are being developed, in addition to programmes being carried out for the overall development and expansion of the MSME sector. The initiatives will improve the lives of those working in small-scale businesses, which will lead to the growth of the nation's economy as an entire sector.

**2 Verma S. (2015)** It has clarified that the MUDRA scheme's structure will not only tackle the financial issues of MSMEs but also stimulate many young people to consider entrepreneurship.

**3 Rudrawar, M. A. A. & Uttarwar, V. R. (2016)** It demonstrated exactly how PMMY may bring about the necessary change. Assuming it operate well at the grassroots level, it has the potential to completely transform the Indian economy. It should have been simple to use and have less documentation. MUDRA will be extremely important in the upcoming years for the growth of employment, GDP, and entrepreneurship. According to research, a nation's GDP, NNP, fiscal policies, employment, and people's standard of life are all used to gauge its growth. Any nation's financial system serves as its skeleton. Our nation saw enormous transformations thanks to PMMY. It has concentrated on a variety of areas to reach the benefits and fulfil the criteria. They obtained the working capital by focussing on pre-approved Mudra cards. Almost 12 crore individuals were employed as a result of job creation. Mudra Banks provided loans to women based on their skills. The MUDRA loan provided our economy with a temporary boost.

**4 R. Rupa (2017)** has shown how successful the MUDRA programme is in Tamil Nadu. It emerges that the MFIs have contributed a significant contribution to the rise in accounts funded by the PMMY.

**5 Abdul Khadar & Dr. A. Abdul Rahim (2018)** examined the MUDRA scheme's functions and obligations regarding the growth of the microsector. According to their claim, people who live in rural areas hold about 54% of all micro units in the country. As a result, this programme will not only help these business owners live better lives, but it will also generate a lot of job possibilities and boost the country's overall economic standing as well as that of the rural population.

**6. Manish Agarwal & Ritesh Dwivedi (2017)** Financial inclusion is one of the most essential approaches to combating poverty and creating opportunity. Financial inclusion refers to providing appropriate financial services to all societal segments, with a focus on low-income populations. One of the government of India's financial inclusion programmes for microenterprises, small firms, and lower-income groups is the Pradhan Mantri Mudra Yojana. The study concludes that this programme, which expands the chances for credit requirements and refinancing, has been a fantastic sign adopted by our government. PMMY Our nation will advance in the future with a national strategy. Women have also received financial assistance under this programme.

**7. Juliana Sairah John, (2018)** According to this study, PMMY is an instrument that enables us to remove the difference between entrepreneurs who are effective at obtaining loans and those who are unsuccessful. Apply the bare, limited interest rate. Pay for the unpaid. It removes prejudice and assists young people beginning startups and women entrepreneurs in launching their ventures. This essay compares Mudra banks across India and discusses the number of loans that are sanctioned and distributed, as well as which products are doing well and which require improvement.

**8 Vijai, (2018)** Studies have shown that PMMY is an essential component in allowing businesses to obtain loans under this plan. The maximum loan amount available to entrepreneurs is 10 lakhs, depending on their business needs. This essay demonstrates the advantages and possibilities of various states' mudra yojanas. PMMY is an addition to small-scale industries that contributes to the economies overall growth and structure. MUDRA is a financial mechanism that benefits both fresh



and established entrepreneurs, acting as a double-edged sword. This will bring about a profound transformation and aid in the development of a developed India.

9 Juliana Sairah John, (2018) According to this study, PMMY is a tool which enables us to eradicate the disparity between entrepreneurs who are successful in obtaining loans and those who are unsuccessful. Apply the bare restricted interest rate. Pay for the unpaid. It removes discrimination and assists young people starting new businesses and women entrepreneurs in launching their ventures. This essay compares Mudra banks across India and discusses the number of loans that are sanctioned and distributed, as well as which products are doing well and which require improvement.

10. B Vinod Kumar Telangana State needs a fair share of Mudra loans, according to the vice chairman of the planning board (2021). Up until March 31, 2020, 17.86% of the nation's population was covered by Mudra loans, Vinod Kumar informed the Union Finance Minister. He asked the Centre to set a new goal of approving 30 lakh Mudra loans to Telangana residents who qualify.

11. **Iqbal and Sami (2017)** In the current context, financial institutions are the strong foundations of economic growth, and financial inclusion is emerging as a new economic growth paradigm.

## Hypothesis

H<sub>0</sub> Irrespective of different types of enterprises there is no significant difference that impacts the business

## Research Methodology

Nature of Study and source of Data The study is descriptive in nature where both primary and secondary data were used. Primary data were collected directly from the rural entrepreneurs of Pradhan Mantri Mudra Yojana. Secondary data required for the study were gathered from various sources such as libraries, research canter, Government Departments autonomous bodies and online sources. Extensive literature survey was carried out for gathering the data and information by using e-journals, text books, theses, official publications, various reports and other publications.

## DATA ANALYSIS FOR PMMY-

Telangana State is the study's operational jurisdiction. There are in each of Telangana's 32 districts. By looking at the population of entrepreneurs registered with the relevant district MSME office, the district for sample collection was chosen.

1 To investigate the impact of the Pradhan Mantri Mudra Yojana on the empowerment of entrepreneurs.

2.To evaluate the Pradhan Mantri Mudra Yojana's rural recipients' degree of financial empowerment and entrepreneurial aptitude.

3.To examine the issues that business owners under the Pradhan Mantri Mudra Yojana are facing

To assess the effectiveness of businesses that PMMY supports

## Venture wise details of entrepreneurs

Manufacturing Entrepreneur<sup>7</sup> are those individuals who conceive an idea for a new product or service and then creates a business to materialize their idea into reality. They tap both production and marketing' resources in their search to develop a new business opportunity. They are called small business entrepreneurs when found in small business units such as printing press, textile processing house, advertising agency; readymade garments, or confectionery. Survey findings are evident of having 30.43% of manufacturing ventures.

Trading entrepreneur<sup>8</sup> is one who undertakes trading activities and is not concerned with the manufacturing work. He identifies potential markets, stimulates demand for his product line and creates a desire and interest among buyers to go in for his product. He is engaged in both domestic and overseas trade. These entrepreneurs demonstrate their ability in pushing many ideas ahead to promote their business. In the survey conducted in Telangana state researcher has observed that the Trading entrepreneurs are 35.99%, where as the other (almost 33.58%) entrepreneur are like Industrial Entrepreneur, Corporate Entrepreneur and agriculture Entrepreneur. The following table describes the findings.

<sup>7</sup> <http://eagri.org/eagri50/ARM402/lec03.html>

<sup>8</sup> <http://eagri.org/eagri50/ARM402/lec03.html>

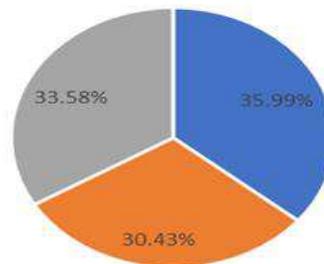


Venture Sector	Respondents	Percentage
Trading	194	35.99%
Manufacturing	164	30.43%
Others	181	33.58%
<b>Total</b>	<b>539</b>	<b>100%</b>

Table 1: Venture wise distribution of respondents

Source: Primary Data

Venture wise details of entrepreneurs



■ Trading ■ Manufacturing ■ Others

### Entrepreneurs participated from different cities

The estimated number of MSMEs in India is a staggering 63.388 million (according to MSME Ministry annual report of 2021-22). One of the major driving factors of India's GDP growth is the MSME industry, which employs 40% of India's Workforce (110.98 M), contributing 45% of the output and 40% of the exports<sup>9</sup>.

It is estimated that Telangana is home to about 2.6 million MSMEs, out of which 56% are in rural areas and 44% in urban areas. As many as 19,954 registered MSME units have commenced their operations since the formation of the state, with an investment of about Rs. 31,023 crores. The snapshot of the present industrial units, investment value and employment generated is mentioned as below.

Category	No. Of Units	Investment Value (in INR Cr)	Employment Generated
Micro	13,546	5,099	1,35,547
Small	5,830	15,946	1,65,242
Medium	578	9,978	62,699
<b>TOTAL</b>	<b>19,954</b>	<b>31,023</b>	<b>3,63,488</b>

Entrepreneurial Units in MSEM in Telangana Source: Primary Data

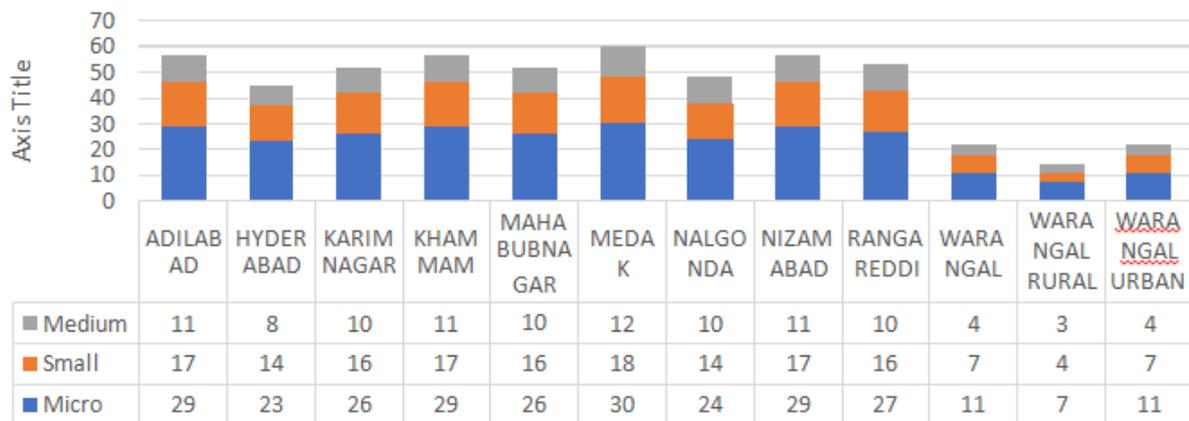
S. No.	District Name	Micro	Small	Medium	Total Selected MSME
1	ADILABAD	29	17	11	57
2	HYDERABAD	23	14	8	45
3	KARIMNAGAR	26	16	10	52



4	KHAMMAM	29	17	11	57
5	MAHABUBNAGAR	26	16	10	52
6	MEDAK	30	18	12	60
7	NALGONDA	24	14	10	48
8	NIZAMABAD	29	17	11	57
9	RANGA REDDI	27	16	10	53
10	WARANGAL	11	7	4	22
	WARANGAL RURAL	7	4	3	14
	WARANGAL URBAN	11	7	4	22

Selected MSME units for study Source: Secondary Data

### City Wise MSM Entrepreneurs



### Type of Enterprise

Ministry of micro, small & medium enterprises, GOI has revised classification of Manufacturing Enterprises and Enterprises rendering Services applicable w.e.f 1st July 2020 emphasising on the composite criteria as Investment in Plant & Machinery/equipment and Annual Turnover<sup>12</sup>.

The study is pertaining to the rural enterprises and the popular categories of rural enterprises are micro enterprises and small enterprises. This classification is followed for the purpose of analysis also. The result is shown in table

Type of Enterprise	Respondents	Percentage
Micro	272	50.46%
Small	163	30.24%
Medium	104	19.29%
<b>Total</b>	<b>539</b>	<b>100.00%</b>

Table Type of enterprise of respondents Source: Primary Data

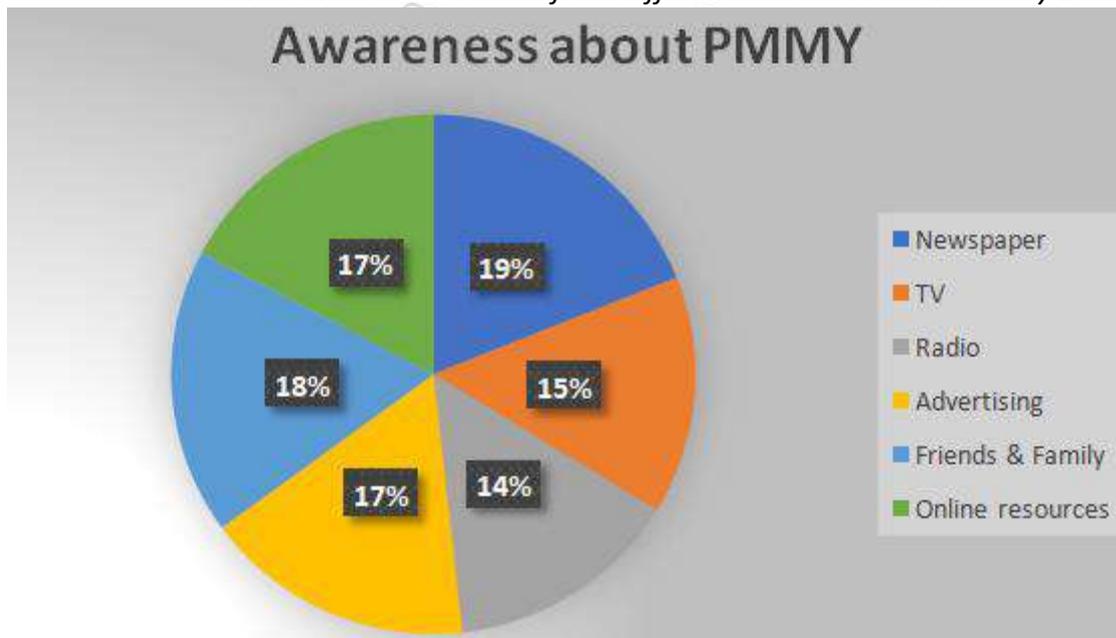
### Awareness about PMMY



The success of any scheme depends upon the awareness, adoption and facilitating stakeholders. Researcher dealt with the awareness quotient by asking them to mention the channel, through which they come to know about the PMMY, the findings in following table indicates that the most common source of knowing is Newspaper (102 Responses) and the least one is Radio (78 Responses).

Known From	Respondents
Newspaper	102
TV	80
Radio	78
Advertising	90
Friends & Family	96
Online resources	93

Awareness about PMMY from different sources Source: Primary Data



Awareness about PMMY from different sources Source: Primary Data

**Problems faced by entrepreneurs** The government is doing everything to encourage all the would be entrepreneur to participate in nation building by setting up their business and is consistently making an attempt to provide various financial benefits for all the would be entrepreneur in the country. The aim of government of India's Mudra scheme is to support micro and small enterprises to empower all the would be entrepreneur. But while applying to the loan people faces some problems, researcher wanted to investigate what is most faced problem by all the entrepreneurs. Co-Applicant Requirement is the most commonly reported problem with Rank 1 followed by Bank be situated to give loan for young entrepreneurs ranked 2. The good thing is that Lengthy Processing Time is the lowest ranked problem by entrepreneurs, which itself indicate that government is really doing good for timely and effective disbursement of loan

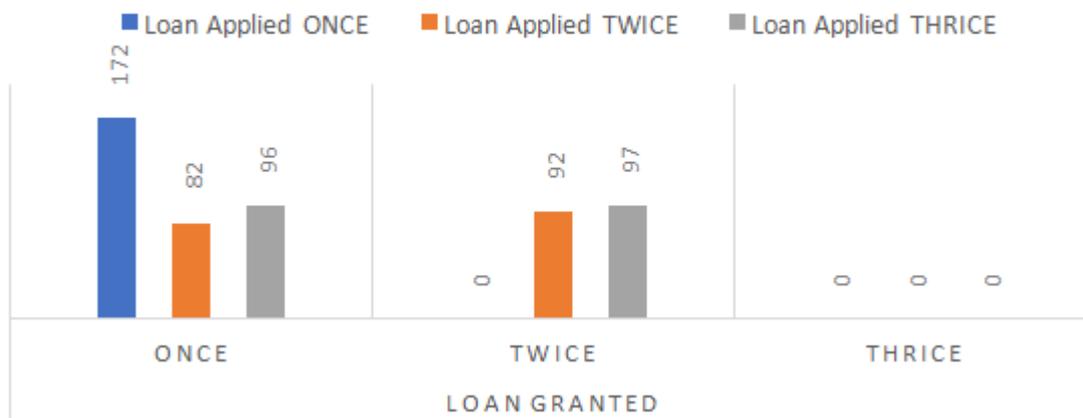


Problems Faced	1	2	3	4	5	6	7	8	Ranksum	Rank
Lengthy Processing Time	43	46	97	119	59	59	54	62	2425	8
Govt. Regulations	64	48	83	101	62	63	54	64	2391	7
Cumbersome Procedure	48	41	118	101	68	47	65	51	2373	6
Applied Loan Amount not been fully received is inadequate	58	46	107	108	41	58	62	59	2362	5
Delay in fund disbursement	55	42	106	116	59	39	70	52	2356	4
Demanding for Collateral security	54	63	92	113	47	58	52	60	2335	3
Bank be situated to give loan for young entrepreneurs	44	52	101	137	62	42	52	49	2317	2
Co-Applicant Requirement	52	60	87	131	55	57	49	48	2301	1

		Loan Granted		
		ONCE	TWICE	THRICE
Loan Applied	ONCE	172	0	0
	TWICE	82	92	0
	THRICE	96	97	0

*Cross sectional Study of loan Applied Vs. Loan Granted...  
Source: Primary Data*

## LOAN APPLIED VS LOAN GRANTED



The study states, it appears that approximately 47.86% of the applicants received the entire loan amount they applied for. This statistic suggests that just under half of the applicants had their full funding needs met by the MUDRA loan program.

This partial disbursement can be attributed to cautious lending practices where banks might limit their risk exposure by not fully funding all loan requests, especially if the applicant's business seems risky or the financial projections are not convincing. Applicants might need to supplement their funding through other financial sources or adjust their business plans to align with the funds received.

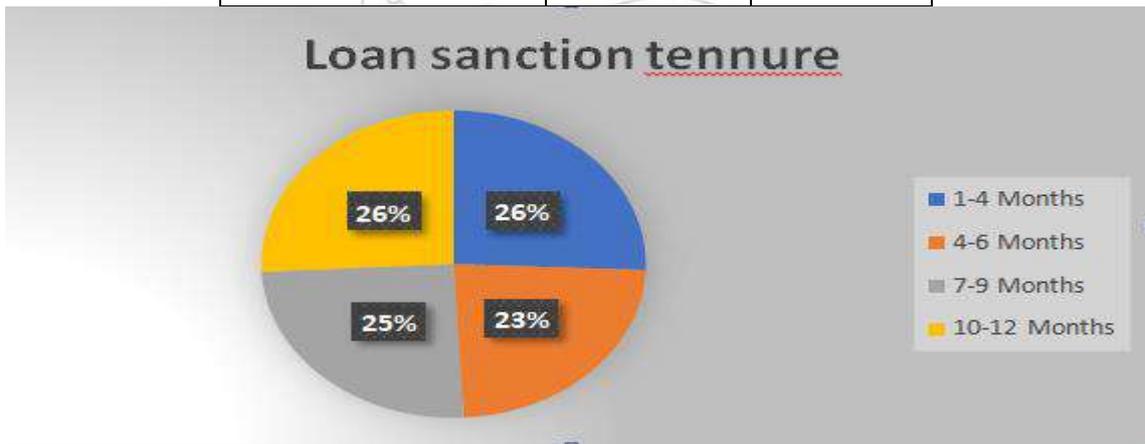
Response	Respondents	Percentage
Yes	258	47.86%
No	281	52.13%
<b>Total</b>	<b>539</b>	<b>100%</b>



Table : Receiving full amount through PMMY Source: Primary Data

**MUDRA loan to be sanctioned** Once the application is approved, the disbursement is expected to take place within 2 days after the acknowledgement. Overall, the loan process may take up to a week or 10 days, depending on the person's credit profile and documents submitted. The turnaround time for MUDRA Loans is around 7-10 business days. In the study it was observed that A MUDRA loan is treated just like any other business loan; hence the processing time is the same as other loans. The recorded responses are mentioned in the following table.

Loan Sanctioned in	Respondents	Percentage
1-4 Months	138	25.60%
4-6 Months	127	23.56%
7-9 Months	135	25.05%
10-12 Months	139	25.79%
<b>Total</b>	<b>539</b>	<b>100%</b>



### **Primarily need the finance for in the business**

Fixed capital is the money used to buy long-term or fixed assets. These assets are crucial as they help produce the final product consistently. Fixed assets include tangible and durable items necessary for production and are used over a long period.

Working capital is the difference between current assets and current liabilities, representing the money available to the firm. Current assets are those that a company can convert into cash within a year. Current liabilities are the payments a company needs to make in the upcoming financial year.

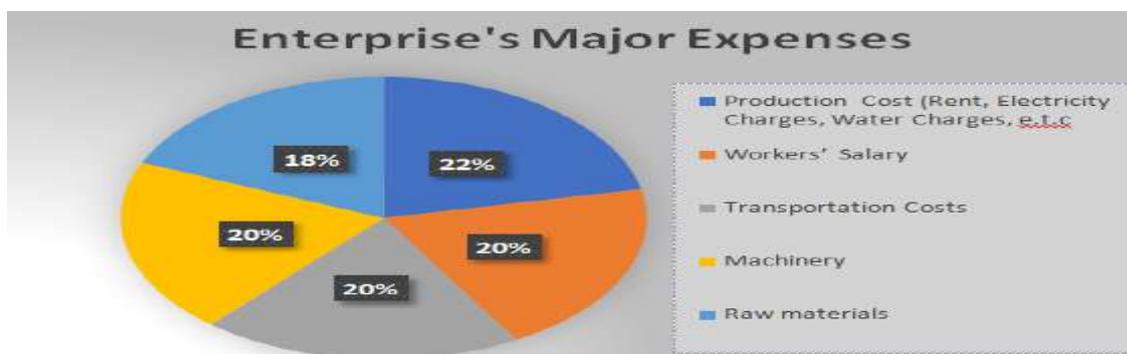
A study found that the importance of fixed assets and working capital is nearly equal, indicating both are equally crucial for a business's operations.

Business Aspects	Respondents	Percentage
Fixed Assets	272	50.46%
Working Capital	267	49.54%
<b>Total</b>	<b>539</b>	<b>100%</b>



**Enterprise's major expenses** There are two main variables that determines the profitability of a business: the revenue you have going in and the expenses you have going out. If you can retain control of these two variables, your business can continue operating successfully. There are many other variables to consider. If they get managed properly, then it could lead the company to a successful venture. Researcher had collected responses on the following points, major expenses goes on production cost followed by machinery.

Expense Head	Count	Percentage
Production Cost (Rent, Electricity Charges, Water Charges, e.t.c	117	21.71%
Workers' Salary	107	19.85%
Transportation Costs	107	19.85%
Machinery	108	20.04%
Raw materials	100	18.55%
Total	539	100%



Respondents Enterprise Major Expenses

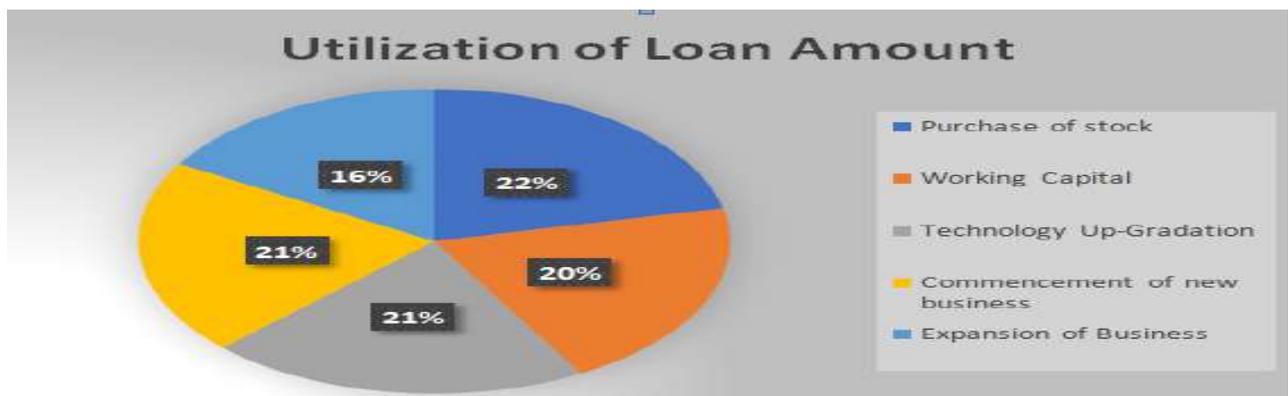
**Loan amount will be utilized** The way a loan is utilized depends largely on the business structure, the initial purpose of the loan, and, importantly, the commitment of the business owner to use the funds to grow the business. Before deploying newly acquired capital, it is crucial to develop a robust strategy to ensure the funds are used efficiently and effectively. According to a literature review conducted by a researcher, various basic avenues for loan utilization were identified and respondents were asked to rate their importance. Among



these, 'Expansion of Business' received the lowest score, indicating that it was considered less critical compared to other uses, which were rated almost equally in terms of importance.

Loan Utilization for	Count	Percentage
Purchase of stock	116	21.52%
Working Capital	109	20.22%
Technology Up-Gradation	113	20.96%
Commencement of new business	112	20.78%
Expansion of Business	89	16.51%
Total	539	100%

Utilization of Loan amount Source: Primary Data



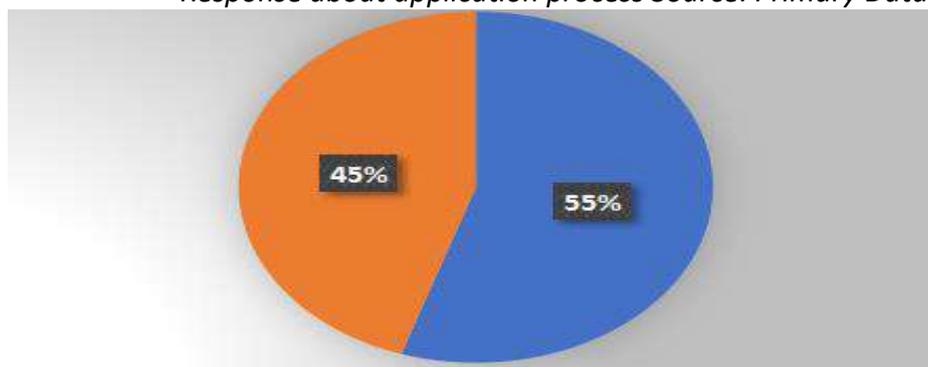
Utilization of Loan amount Source: Primary Data

Government schemes very complicated & time-consuming

Majority of respondents (55.10%) think that the procedure for applying loans under government schemes are not complicated and time consuming.

Response	Respondents	Percentage
Yes	297	55.10%
No	242	45.90%
<b>Total</b>	<b>539</b>	<b>100%</b>

Response about application process Source: Primary Data



No =45%, yes =55% Response about application process Source: Primary Data



types of enterprises there is no significant difference that impacts the business

The following table summarizes the descriptive analysis of the observations

*Descriptive statistics for the ANOVA test*

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Increase Turnover	Micro	187	3.00	1.426	.104	2.79	3.21	1	5
	Small	170	3.04	1.420	.109	2.83	3.26	1	5
	Medium	182	2.91	1.408	.104	2.71	3.12	1	5
	Total	539	2.98	1.416	.061	2.86	3.10	1	5
Increase Profit	Micro	187	3.13	1.440	.105	2.93	3.34	1	5
	Small	170	2.78	1.483	.114	2.55	3.00	1	5
	Medium	182	3.07	1.383	.102	2.87	3.27	1	5
	Total	539	3.00	1.440	.062	2.88	3.12	1	5
Better Financial Security	Micro	187	3.02	1.437	.105	2.81	3.23	1	5
	Small	170	3.11	1.433	.110	2.89	3.33	1	5
	Medium	182	3.08	1.404	.104	2.87	3.28	1	5
	Total	539	3.07	1.422	.061	2.95	3.19	1	5
Risk Bearing better services	Micro	187	2.99	1.437	.105	2.78	3.20	1	5
	Small	170	3.04	1.405	.108	2.82	3.25	1	5
	Medium	182	3.27	1.374	.102	3.07	3.47	1	5
	Total	539	3.10	1.409	.061	2.98	3.22	1	5

### ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Increase Turnover	Between Groups	1.545	2	.772	.384	.681
	Within Groups	1077.305	536	2.010		
	Total	1078.850	538			
Increase Profit	Between Groups	12.765	2	6.382	3.101	.056
	Within Groups	1103.235	536	2.058		
	Total	1116.000	538			
Better Financial Security	Between Groups	.746	2	.373	.184	.832
	Within Groups	1087.714	536	2.029		
	Total	1088.460	538			
Risk Bearing better services	Between Groups	8.214	2	4.107	2.078	.126
	Within Groups	1059.575	536	1.977		
	Total	1067.788	538			

From the above table it is evident that all the significance values are not less than 0.05, hence we fail to reject the null hypothesis, hence we can infer upon "Irrespective of different types of enterprises there is no significant difference that impacts the business"

### Entrepreneurial Competence

The way a loan is utilized depends largely on the business structure, the initial purpose of the loan, and, importantly, the commitment of the business owner to use the funds to grow the business. Before deploying newly acquired capital, it is crucial to develop a robust strategy to ensure the funds are used efficiently and effectively. According to a literature review conducted by a researcher, various basic avenues for loan utilization were identified and respondents were asked to rate their importance. Among these, 'Expansion of Business' received the lowest score, indicating that it was considered less critical compared to other uses, which were rated almost equally in terms of importance

### Entrepreneurial Problems

Most rural entrepreneurs reported minimal issues, with financial problems being the notable

exception. The analysis of mean and median scores indicates that the problems faced by these entrepreneurs are generally below a moderate level of severity.

Model is created



## Recommendations

The Pradhan Mantri Mudra Yojana targeted to enhance the entrepreneurial capability of needy and unfunded sectors of the economy especially to improve the life of self-employed and micro-business people. But the message visualised by the scheme has not been effectively reached to the target group in the state.

So, it is suggested that concrete propagation cum awareness programme should be formulated with the participation of State Government entrepreneurial agencies and Local Self Government by taking into account the need and uniqueness of rural areas concerned. Various types of seminars, exhibitions, conferences and awareness meetings regarding the PMMY scheme should be convened in different locations especially at prime location of the villages for this purpose.

Another most important issue identified from the study is the ineffective mechanism for monitoring the utilisation of the loan fund provided PMMY. It has been reported that periodical inspection at the enterprise level, periodical evaluation of financial statement of the business and ensuring the measures for financial discipline are working at a very low level. This has caused many problems in the repayment of loan and there are wilful defaulters of the scheme. Thus, it is recommended that periodical and mandatory inspections should be conducted by the authorities at the enterprise to ensure the utilisation of the loan fund for the purpose for which that has been sanctioned. This will certainly create a sense of financial accountability to the beneficiaries which in turn will support the successful operation of PMMY scheme

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