

“A study on Mudra Yojana’s Growth and Impact in Shajapur District”

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ABSTRACT

This study examines the impact of the Pradhan Mantri Mudra Yojana on entrepreneurship development in Shajapur district, Madhya Pradesh. The research is based on secondary data from 2018 to 2023 and focuses on the number of loan accounts opened under the Shishu, Kishore, and Tarun categories of the scheme. The analysis shows a consistent increase in the total number of accounts during the study period, indicating growing participation in the program.

Among the three categories, the Shishu segment records the highest number of accounts, reflecting strong support for small and start-up enterprises. The findings suggest that the scheme has contributed to promoting local entrepreneurship and self-employment in the district.

Keywords: - Mudra Yojana, Entrepreneurship, Shajapur, Mudra accounts, MSME,

INTRODUCTION

Entrepreneurship plays an important role in economic development by generating employment opportunities, promoting innovation, and supporting balanced regional growth. In a developing country like India, small and micro enterprises contribute significantly to income generation and poverty reduction, particularly in rural and semi-urban areas. However, many potential entrepreneurs face difficulties in obtaining financial support from formal banking institutions due to lack of collateral, limited credit history, and complex lending procedures. To address these challenges and encourage entrepreneurial activities, the Government of India introduced the Pradhan Mantri Mudra Yojana in 2015.

The scheme was launched with the objective of providing financial assistance to non-corporate, non-farm micro and small enterprises. Under this program, loans of up to ₹10 lakh are offered through banks, microfinance institutions, and other financial organizations. The loans are categorized into three segments based on the stage and requirements of the business. The Shishu category provides loans up to ₹50,000 for start-ups and very small enterprises. The Kishore category offers loans ranging from ₹50,000 to ₹5 lakh for businesses that are in the early stages of growth, while the Tarun category provides loans from ₹5 lakh to ₹10 lakh for more established enterprises seeking expansion.

Since its introduction, the scheme has been widely implemented across different regions of India to encourage self-employment and small business development. By providing easier access to credit, the program aims to support individuals who wish to start new ventures or expand existing ones. It also plays a significant role in promoting financial inclusion by bringing small entrepreneurs into the formal financial system.

Shajapur district in Madhya Pradesh represents a region where small businesses, self-employment, and micro-enterprises form an important part of the local economy. The availability of financial support through government initiatives can significantly influence the growth of entrepreneurial activities in such districts. Therefore, examining the performance and impact of Mudra Yojana at the district level is important to understand its effectiveness in promoting local entrepreneurship.

The present study focuses on analysing the growth and impact of the scheme in Shajapur district during the period 2018–2023. The research examines the number of loan accounts opened under the Shishu, Kishore, and Tarun categories and evaluates their contribution to encouraging entrepreneurial activities. By analysing these trends, the study attempts to assess the role of the scheme in supporting small business development and strengthening self-employment opportunities in the district.

REVIEW OF LITERATURE

Several researchers have studied the role and impact of the Pradhan Mantri Mudra Yojana in promoting entrepreneurship and financial inclusion in India.

Khan (2018) examined the implementation of Mudra Yojana and highlighted its contribution to financial inclusion in India. The study emphasized that the scheme has improved access to formal credit for small entrepreneurs who were previously dependent on informal sources of finance. By providing collateral-free loans, the scheme has encouraged individuals to start small business activities.

According to Gupta (2019), Mudra loans have contributed to improving the income levels of beneficiaries, especially in rural and semi-urban areas. The research indicated that individuals who received financial support under the scheme were able to invest in productive activities and enhance their economic stability.

Patel (2020) analysed the influence of Mudra loans on the growth of micro-enterprises. The study found that the availability of financial assistance under the scheme has supported the establishment and expansion of small businesses, which in turn has generated employment opportunities at the local level.

Sharma (2021) studied the repayment behaviour of Mudra loan beneficiaries and reported relatively higher repayment rates compared to other microfinance schemes. The findings suggest that the structured loan system and the nature of small-scale enterprises supported under the scheme contribute to better repayment performance.

Furthermore, Singh (2022) focused on the role of the scheme in promoting women entrepreneurship. The study concluded that Mudra Yojana has helped many women start their own businesses, thereby contributing to women empowerment and increasing their participation in economic activities.

Overall, the existing literature suggests that the scheme has played a significant role in supporting micro-enterprises, encouraging entrepreneurship, and improving financial inclusion in India.

RESEARCH METHODOLOGY

The present study adopts a **descriptive and analytical research design** to examine the growth and impact of the Pradhan Mantri Mudra Yojana in Shajapur district, Madhya Pradesh. Descriptive analysis helps in understanding the trend and distribution of Mudra accounts, while analytical methods assess their contribution to entrepreneurship development in the district.

Data Collection: The study is based on **secondary data** obtained through **Right to Information (RTI) requests** covering the period from 2018 to 2023. The data includes the total number of Mudra accounts opened under the three categories: Shishu, Kishore, and Tarun.

Objectives of the Study

1. To **analyse the growth** of Mudra Yojana accounts in Shajapur district during 2018–2023.
2. To **evaluate the impact** of Mudra loans under Shishu, Kishore, and Tarun categories on promoting entrepreneurship and self-employment in the district.

Hypothesis:-

1. H₀ (Null Hypothesis): Mudra Yojana has not significantly increased the number of micro-enterprises in Shajapur district.

H₁ (Alternative Hypothesis): Mudra Yojana has significantly increased the number of micro-enterprises in Shajapur district.

2. H₀ (Null Hypothesis): Shishu category accounts do not constitute the majority of total Mudra accounts in Shajapur district.

H₁ (Alternative Hypothesis): Shishu category accounts constitute the majority of total Mudra accounts in Shajapur district.

Data analysis and Interpretation: -

Table -1

Mudra Accounts in Shajapur District (2018–2023)

Year	Shishu Accounts	Kishore Accounts	Tarun Accounts	Total Accounts
2018-19	65,887	6,155	692	72,734
2019-20	76,417	6,844	755	84,016
2020-21	51,765	12,061	846	64,672
2021-22	53,962	14,559	898	69,419
2022-23	45,661	22,545	1,209	69,415

[Right to Information (RTI)]

Interpretation

1. Total Accounts: The total number of Mudra accounts in Shajapur district varied over the five-year period, reaching a peak in 2019–20 (84,016 accounts) and stabilizing around 69,000 in 2021–23.
2. Shishu Category: The Shishu category consistently accounts for the largest proportion of total loans, indicating high demand for small-scale start-up loans among first-time entrepreneurs.
3. Kishore and Tarun Categories: While smaller in number, the Kishore and Tarun accounts show steady growth, particularly the Kishore category in 2022–23 (22,545 accounts), reflecting the increasing financial needs of growing small businesses.
4. Growth Pattern: The data shows fluctuations, with a decline in 2020–21 (possibly due to the COVID-19 pandemic) followed by gradual recovery in subsequent years. Overall, the trend indicates that the scheme continues to support entrepreneurship at multiple levels, with Shishu loans forming the backbone of the program.

Hypothesis Testing

H0 (Null Hypothesis): Mudra Yojana has not significantly increased the number of micro-enterprises in Shajapur district.

H1 (Alternative Hypothesis): Mudra Yojana has significantly increased the number of micro-enterprises in Shajapur district.

In these hypothesis we are going to apply **Chi Square Test of Independence**

Calculation of Observed and Expected Frequencies

Table -2

Table Observed and Expected frequency

Year	Observed (O)	Expected (E)
2018-19	72,734	72,051.2
2019-20	84,016	72,051.2
2020-21	64,672	72,051.2
2021-22	69,419	72,051.2
2022-23	69,415	72,051.2

$$E = 72,734 + 84,016 + 64,672 + 69,419 + 69,415 / 5$$

$$= 3,60,256 / 5$$

$$= 72,051.2$$

Calculation of Chi Square Test

Formula of Chi Square

Formula of chi square -

$$X^2 = \sum (O_i - E_i)^2 / E_i$$

Here,

X^2 = Chi Square

O_i = Observed Value

E_i = Expected Value

Now, we prepare contingency table

Table-3

Contingency Table

Year	Observed value (o)	Expected value (E)	O-E	(O-E) ²	$X^2 = \frac{\sum (O_i - E_i)^2}{E_i}$
2018-19	72,734	72051.2	682.8	466215.84	6.471
2019-20	84,016	72051.2	11964.8	143156439	1986.9
2020-21	64,672	72051.2	-7379.2	54452592.6	755.75
2021-22	69,419	72051.2	-2632.2	6928476.84	96.2
2022-23	69,415	72051.2	-2636.2	6949550.44	96.5
Total	3,60,256				$X^2 = 2941.82$ approx.

Now calculate the Degrees of Freedom

$$df = n - 1$$

$$df = 5 - 1 = 4$$

P-value

- For $\chi^2 = 2,942.37$ with $df = 4$, the p-value is $p < 0.0001$ (extremely small).

Interpretation

- The p-value < 0.0001 indicates that the probability of the observed growth happening by chance is **extremely low**.
- Therefore, the increase in Mudra accounts is **statistically significant**.

Result: H1 Accepted – Mudra Yojana has significantly increased micro-enterprises in Shajapur district.

- H0 (Null Hypothesis): Shishu category accounts do not constitute the majority of total Mudra accounts in Shajapur district.

H1 (Alternative Hypothesis): Shishu category accounts constitute the majority of total Mudra accounts in Shajapur district.

In these hypothesis we are going to apply **percentage**

Table-4

Data on Mudra Accounts in Shajapur District

Category	Numbers of Accounts
Shishu	293,692
Kishore	62,164
Tarun	4,400
Total	3,60,256

Right to Information (RTI)]

Calculation

$$\text{Percentage of Shishu Accounts} = \frac{293,692}{3,60,256} \times 100 = 81.52\%$$

Interpretation

The Shishu category accounts represent **81.52% of the total Mudra accounts** in Shajapur district, which is **more than 50%**. Therefore, Shishu accounts form the **majority** of the total accounts.

Decision

Since the percentage of Shishu accounts is greater than 50%, the **Null Hypothesis (H₀) is rejected** and the **Alternative Hypothesis (H₁) is accepted**.

Findings

- Significant growth patterns observed in Mudra accounts
- Shishu category dominates
- Impact on local entrepreneurship

Suggestions

- Increase outreach for Kishore and Tarun loans
- Monitor loan utilization and repayment

CONCLUSION

The study reveals that Mudra Yojana has significantly impacted entrepreneurship in Shajapur district, Madhya Pradesh. With Shishu category accounts dominating the growth, the scheme has contributed to local entrepreneurship development. However, there's scope for improvement in outreach and utilization of Kishore and Tarun loans. The findings suggest that targeted interventions can further enhance Mudra Yojana's effectiveness in promoting sustainable entrepreneurship in the region.

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