

# **A Study of the Impact of the Mudra Loan Scheme On Women from Underprivileged Sections in Pune District.**

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## **Abstract**

Financial exclusion remains a significant impediment to socio-economic mobility for underprivileged women, particularly those in India's vast informal economy. The Pradhan Mantri Mudra Yojana (PMMY) was launched as a flagship intervention to address this by providing collateral-free credit, aiming to "fund the unfunded." This paper investigates the impact of the PMMY on women beneficiaries from underprivileged sections in Pune District, Maharashtra. It adopts a "marketing" framework, assessing the scheme's effectiveness not only as a financial product but in its ability to empower its users by enhancing their business capabilities and socio-economic standing. A quantitative, cross-sectional study was conducted using a structured survey of 141 PMMY women beneficiaries in Pune. The data was analyzed using descriptive statistics, reliability analysis (Cronbach's Alpha), Multiple Linear Regression, and Analysis of Variance (ANOVA). The findings reveal a significant, positive relationship between PMMY loan utilization (specifically graduating to the Kishor category) and increased monthly business revenue (H1 supported). Furthermore, the analysis confirmed a differential impact on empowerment (H2 supported). While the loan significantly enhanced beneficiaries' financial autonomy, household decision-making power, and marketing capabilities, it had no statistically significant impact on their perceived standard of living, asset accumulation, or household nutrition. This study confirms a critical paradox: PMMY succeeds as a credit disbursement tool but fails to translate income gains into tangible well-being. The findings imply that PMMY must evolve from a product-centric model to a customer-centric one, bundling credit with essential financial literacy and marketing training to achieve its full potential for holistic socio-economic upliftment.

**Keywords:** Pradhan Mantri Mudra Yojana (PMMY), Women Entrepreneurship, Financial Inclusion, Socio-Economic Impact, Marketing, Pune District, Microfinance

## **1. Introduction**

The pursuit of financial inclusion is a cornerstone of global development policy, recognized as a critical driver for economic growth and social mobility. In India, despite significant strides in expanding the formal financial ecosystem, a persistent gender gap hinders the economic participation of women. Women,

particularly those from underprivileged and marginalized sections, face systemic barriers to accessing formal credit, including a lack of collateral, limited financial literacy, and entrenched socio-cultural norms. This credit gap stifles female entrepreneurship, constraining the potential of millions of micro-enterprises that form the backbone of the nation's informal economy. Addressing this gap is not merely a social imperative but an economic one, with estimates suggesting that unlocking the full potential of women entrepreneurs could create 150 to 170 million jobs.

In response to this challenge, the Government of India launched the Pradhan Mantri Mudra Yojana (PMMY) in 2015, a flagship scheme designed to "fund the unfunded". PMMY can be understood as a large-scale government "marketing" intervention, a product designed to penetrate the most financially excluded segments of the population. The scheme's design features a tiered "product line" tailored to the business life-cycle of micro-entrepreneurs: 'Shishu' (loans up to ₹50,000), 'Kishor' (loans from ₹50,001 to ₹5 lakh), and 'Tarun' (loans from ₹5 lakh to ₹10 lakh). This strategy aims to provide a pathway for entrepreneurs to start with basic capital and scale their ventures.

On a national scale, the "market penetration" of this product has been immense. Since its inception, PMMY has sanctioned over 52 crore loans, disbursing ₹32.61 lakh crore by early 2025. The scheme's marketing has been particularly focused on women and marginalized communities. Official statistics from 2024-2025 indicate that 68% of all Mudra loan accounts are held by women and approximately 51% of accounts belong to entrepreneurs from Scheduled Caste (SC), Scheduled Tribe (ST), and Other Backward Class (OBC) categories. However, this data shows a complex picture. While women dominate account volume (68%), they receive a significantly smaller share of the value, accounting for only 44% of the total amount sanctioned. The average loan size for women remains substantially smaller, suggesting a concentration in the Shishu category. This points to a potential "marketing" flaw: the scheme is effective at customer acquisition (getting women to take the initial, small loan) but may be failing at customer development (helping them graduate to larger, growth-oriented Kishor and Tarun loans).

This national phenomenon is sharply reflected in the geographical context of Pune District, Maharashtra. Pune is characterized by a dynamic economy, but one that also harbors a large, vulnerable population of underprivileged women engaged in the informal sector. These women, often working as domestic workers, small-scale food caterers, retail vendors, or home-based tailors, represent the precise target demographic for whom the PMMY product was designed. They possess entrepreneurial aspirations but are locked out of traditional finance. The PMMY scheme, therefore, holds immense potential to be a transformative force in this region.

However, a critical research gap exists, centered on a glaring paradox. Preliminary research specific to the Pune region has indicated that while PMMY loans have a positive impact on income generation and business expansion, they have an insignificant or non-existent impact on employment generation and the beneficiaries' overall standard of living. This paradox is the central focus of the current study. It suggests a "product failure" not in the product itself (the loan), but in its implementation. This paper argues that this disconnect represents a "marketing" failure. The PMMY "product" is being delivered in isolation, without the necessary wrap-around support. Its effectiveness is being crippled by persistent barriers, including low financial literacy among beneficiaries, a critical lack of skill-oriented training, complex application procedures, and poor awareness of how to utilize the funds for sustainable growth.

This study, therefore, moves beyond a simple socio-economic audit. It frames the PMMY as a product and seeks to quantitatively assess its marketing effectiveness. This paper will investigate the impact of PMMY loan utilization on the business revenue and, crucially, the marketing capabilities (e.g., digital tool adoption) of its women beneficiaries in Pune. It will quantitatively test the observed paradox by explicitly measuring the scheme's differential impact on financial autonomy versus perceived standard of living. By doing so, this research aims to provide policymakers and financial institutions with a nuanced understanding of why the scheme's financial success is not translating into holistic socio-economic upliftment for the most vulnerable women.

## Literature Review

The body of research on the Pradhan Mantri Mudra Yojana (PMMY) has grown significantly, particularly in recent years, as scholars attempt to untangle its complex impacts. The literature, especially from 2021 to 2025, converges on a central, recurring paradox: the scheme's tangible success in credit disbursal often coexists with a puzzling failure to significantly elevate the overall standard of living for its beneficiaries.

### Theme 1: The PMMY Socio-Economic Paradox

Mahajan (2021) provides a foundational study for this paradox, with a specific focus on Pune. In this analysis, it was found that Mudra loans were indeed beneficial for the recipients' enterprises, leading to measurable income generation and business expansion. Entrepreneurs used the capital for working capital and fixed assets, which improved their business revenue. However, the same study concluded that the scheme had no significant impact on the beneficiaries' standard of living or on employment generation. This finding suggests that the increased income was not being successfully translated into tangible household wealth, asset accumulation, or improved living conditions.

Kumar and Nandrajog (2021) presented a slightly different, though related, outcome in their study of women beneficiaries in the Delhi-NCR region. Their findings indicate a positive role for the Mudra loan, concluding that it made women financially independent and helped them establish their own businesses. Crucially, many respondents in their sample reported an increase in their monthly household income and savings after receiving the loan. This highlights that the loan's impact might be more pronounced in areas of financial autonomy and savings rather than immediate, perceptible changes in living standards, a nuance this current study seeks to explore.

Bharti and Verma (2023) further reinforced the paradox identified by Mahajan (2021). In their review of the scheme's impact, they echoed the finding that while PMMY had a clear positive effect on income generation and allowed for business expansion, its contribution to employment generation and standard of living was insignificant. This growing consensus points to a systemic issue in how the loan's benefits are utilized or depleted, preventing a deeper socio-economic transformation.

A 2024 study on rural entrepreneurship added another layer, confirming that PMMY markedly improved financial inclusion and facilitated income generation. However, it also identified significant obstacles that continued to affect the scheme's overall efficacy, namely persistent issues with repayment rates and, most importantly, inadequate financial literacy among the beneficiaries. This begins to explain why the

paradox exists: the money is provided, but the skills to manage it for long-term wealth creation are absent.

## **Theme 2: PMMY and Dimensions of Women's Empowerment**

The impact of PMMY on empowerment is not monolithic. Agarwala, Maity, and Sahu (2022) conducted a significant study of 417 female beneficiaries in West Bengal, providing a much more nuanced perspective. Their findings suggest that micro-credit obtained through the Mudra scheme encourages female entrepreneurship, raises earnings, and, critically, empowers them financially, socially, psychologically, and in the political arena. This work is vital as it unbundles the concept of "empowerment," showing that a woman can gain psychological empowerment (self-confidence, agency) and social empowerment (a greater voice) even if her material standard of living does not dramatically change.

Sarkar and Kumar (2022) situated this empowerment effort within a broader, challenging context. In a policy paper, they highlighted the persistent structural gender gap in credit. Their analysis of RBI data noted that the credit received by women from the formal banking sector is only 27% of the deposits they contribute, compared to 52% for men. PMMY's collateral-free nature is designed to circumvent this bias, but it operates within a financial system that remains structurally weighted against women.

A very recent and relevant study by Gupta, Maurya, and Sirohi (2024) bridges the gap between the financial product and modern marketing. Their work in Uttar Pradesh specifically linked PMMY to digital finance adoption. They found that MUDRA loans significantly improved women's access to banking services and, importantly, enhanced their use of digital finance platforms. This contributed to increased income and financial independence. This finding is critical as it connects the loan to a tangible, modern marketing capability—the ability to participate in the digital economy.

## **Theme 3: Barriers to Access and Utilization (The "Marketing" Failure)**

Recent literature has shifted from asking "if" PMMY works to "why" it isn't working better, focusing on implementation barriers. The findings here are critical for framing PMMY as a marketing problem.

Gahlot, Sharma, and Soni (2025) provided one of the most recent and direct critiques. Their 2025 study in Chhattisgarh identified two major implementation failures. First, they found that people from backward castes were still not accessing the scheme effectively, indicating a failure in marketing reach and social inclusion. Second, and most critically, they concluded that the scheme provides funds but not skill-oriented training sessions for new entrepreneurs. This is a direct indictment of the "product-in-isolation" model.

Dhanalakshmi (2025) offered a similar, an urgent analysis. This 2025 paper identifies the primary challenges hindering PMMY's success for women as accessibility issues, gender biases, and structural limitations. The paper drills down into specifics, highlighting low financial literacy and complex, discouraging bank procedures as formidable hurdles that prevent women from even accessing the loan, let alone using it effectively.

A 2023 study focusing on rural versus urban women in India synthesized these barriers. It identified a lack of collateral, limited financial literacy, deeply rooted socio-cultural norms, and biased lending

practices as the key factors. This suggests that even a "collateral-free" loan is not free from the bias of the lending officer or the social constraints of the woman's own family.

Finally, a high-level report from NITI Aayog (2023) provided the policy-level perspective. It found that government support schemes, including PMMY, often operate in silos, focusing on access to finance or skill training, but rarely integrating both. The report notes that, as a result, most women entrepreneurs could not benefit from existing schemes due to this lack of information and fragmented support. This is the definition of a fragmented marketing and product delivery strategy.

#### **Theme 4: Microfinance, Marketing Skills, and Integrated Support**

The solution proposed in the literature is a move toward integrated support. Mengstie (2022) found that microfinance had a significant positive impact on women's entrepreneurship development and, notably, their "business exposure". This "business exposure" can be interpreted as a proxy for marketing capability—the confidence and skill to engage with new markets.

However, this link is not automatic. A contradictory 2023 study found that the business support provided by microfinance institutions (MFIs) did not significantly help women entrepreneurs improve their access to market or communication skills. This suggests that simply having a support program is not enough; the program must be specifically designed to teach modern, relevant skills.

Chandrothilaka et al. (2023) offered a quantitative insight into the solution. Their regression analysis found that while savings was a significant predictor of income, training was also positively and significantly linked. The implication is clear: the financial product (loan/savings) and the support service (training) must be combined to maximize impact.

Finally, a financial analytics study by Ashwath and Sachindra (2024) analyzing PMMY data up to FY 2023-24 confirmed the scheme's success in enhancing credit access. However, it also identified regional and institutional imbalances. This finding supports the core "marketing" theme: a one-size-fits-all product roll-out is insufficient. The scheme's implementation must be tailored to local needs and overcome institutional biases.

The literature from 2021-2025 draws a clear, consensus picture. PMMY is a powerful and effective tool for credit disbursal and providing the first step toward financial independence. However, its long-term, transformative socio-economic impact is consistently limited by a fundamental design flaw: it is a "product" (a loan) delivered without the necessary "support". The consistent failure to translate income gains into standard of living improvements is linked directly to implementation gaps, namely a failure to address low financial literacy, a lack of skill-oriented training, and fragmented support systems. This paper will quantitatively test this gap in the Pune context, specifically examining the link between the loan and the marketing capabilities that are essential for sustainable growth.

## Objectives & Hypotheses

### Objectives

- **Research Objective 1:** To quantitatively assess the impact of PMMY loan utilization on the business revenue and marketing capabilities (e.g., use of digital tools, access to new markets) of women beneficiaries from underprivileged sections in Pune District.
- **Research Objective 2:** To examine the relationship between PMMY loan utilization and the socio-economic empowerment of these women, distinguishing between financial autonomy and perceived standard of living.

### Hypotheses

- **Hypothesis 1 (H1):** PMMY loan utilization (measured by loan category, i.e., Shishu vs. Kishor) is a significant positive predictor of monthly business revenue among underprivileged women entrepreneurs in Pune District.
- **Hypothesis 2 (H2):** PMMY loan utilization has a differential impact on socio-economic empowerment; it is positively and significantly associated with increases in financial autonomy (household decision-making) and marketing capabilities, but has no significant association with perceived standard of living.

## Research Methodology

The present study employed a quantitative, cross-sectional research design to conduct a formal impact assessment of the Pradhan Mantri Mudra Yojana scheme. This design was chosen for its suitability in capturing a snapshot of the prevailing conditions, attitudes, and outcomes at a specific point in time, thereby allowing for the analysis of relationships and correlations between PMMY loan utilization and various socio-economic variables. The research was conducted in Pune District, Maharashtra, focusing on urban and peri-urban areas known for a high concentration of informal economic activities.

The target population for this study comprised women entrepreneurs from underprivileged sections who were current or recent beneficiaries of a PMMY loan. The "underprivileged" criterion was defined by social category (belonging to SC, ST, or OBC groups) or by self-declared low-income status prior to the loan. A non-probabilistic sampling technique, specifically a combination of purposive and convenience sampling, was utilized. The researchers purposively targeted business clusters known for high participation of women in the informal sector, such as local markets, tailoring collectives, and food service hubs. Convenience sampling was then used to recruit available and willing participants from these locations, resulting in a final sample of 141 respondents.

The justification for the sample size of 141 respondents are based on a formal a priori power analysis. This analysis was conducted using G\*Power 3.1 software to ensure the study possessed sufficient statistical power to detect meaningful effects and avoid Type II errors. The analysis was set for a multiple linear regression, which was a primary test for Hypothesis 1. To detect a medium effect size (Cohen's  $f^2 = 0.1$ ), with a standard alpha level ( $\alpha = 0.05$ ), a statistical power of 0.80, and 3 predictors, the analysis determined a required

minimum sample size of 119 respondents. The final collected sample of exceeds this minimum threshold, providing a robust and statistically sound basis for the subsequent data analysis and validation of findings.

The data was collected using a structured questionnaire, which was administered in person by trained enumerators, given the potential for varying literacy levels among the respondents. The questionnaire was translated into Marathi to ensure clarity and comprehension. The instrument was divided into two main sections. The first section collected demographic and business profile information, including age, social category, education level, business type, business experience, and the PMMY loan category received (Shishu or Kishor). The second section consisted of items designed to measure the key constructs of the study using a 5-point Likert scale (where 1 = Strongly Disagree and 5 = Strongly Agree). These constructs, developed from a comprehensive review of microfinance impact literature, were: 1) Business Performance (BP), with items on changes in revenue and expansion; 2) Marketing Capabilities (MC), with items on marketing confidence, digital tool use, and access to new markets; 3) Socio-Economic Empowerment (SEE), focusing on financial autonomy and household decision-making power; and 4) Standard of Living (SOL), measuring perceptions of quality of life, asset accumulation, and household nutrition.

All collected data was coded, cleaned, and analyzed using the Statistical Package for the Social Sciences (SPSS), version 26. The data analysis plan was executed in several stages. First, descriptive analysis (frequencies, percentages, means, and standard deviations) was conducted for all demographic variables (Table 1) and the principal research constructs (Table 2). Second, a reliability analysis using Cronbach's Alpha was performed on all Likert-scale constructs (BP, MC, SEE, SOL) to ensure their internal consistency and validity for the sample (Table 6); a coefficient above 0.70 was considered acceptable. Third, to test Hypothesis 1, a Multiple Linear Regression was conducted to determine the predictive power of 'Loan Category', 'Business Experience', and 'Education Level' on the dependent variable 'Monthly Business Revenue' (Table 7). Finally, to test the differential impacts proposed in Hypothesis 2, an Analysis of Variance (ANOVA) was performed to compare the mean scores of 'Marketing Capabilities' and 'Standard of Living' across the two independent groups of 'Loan Category' (Shishu vs. Kishor) (Table 8).

### Data Analysis & Interpretation

This section presents the analysis of the data collected from 141 women PMMY beneficiaries in Pune District. The analysis includes a demographic profile of the respondents, descriptive statistics for the key research variables, reliability analysis of the scales, and inferential tests for the hypotheses.

**Table 1: Demographic Profile of Respondents (n=141)**

Variable	Category	Frequency (f)	Percentage (%)
<b>Age Group</b>	21-30 years	29	20.6%
	31-40 years	63	44.7%
	41-50 years	38	27.0%
	50+ years	11	7.8%

<b>Social Category</b>	SC	33	23.4%
	ST	21	14.9%
	OBC	58	41.1%
	General	29	20.6%
<b>Education Level</b>	Illiterate	19	13.5%
	Primary	45	31.9%
	Secondary (Std. 10/12)	73	51.8%
	Graduate+	4	2.8%
<b>Business Sector</b>	Retail / Trading	54	38.3%
	Food / Catering	44	31.2%
	Services (Tailoring, etc.)	35	24.8%
	Other	8	5.7%
<b>PMMY Loan Category</b>	Shishu (Up to ₹50,000)	103	73.0%
	Kishor (₹50,001 - ₹5 Lakh)	38	27.0%

The demographic profile in Table 1 confirms that the sample (n=141) effectively represents the study's target population. The majority of respondents are in their prime working years, with 44.7% in the 31-40 age group. Critically, the data on social category aligns with the objective of studying underprivileged sections; a significant majority (79.4%) belong to SC, ST, or OBC categories, which is a key target group for PMMY. The educational profile is indicative of the challenges faced by this demographic, with 51.8% having only secondary education and a combined 45.4% having primary education or being illiterate. This low educational attainment is a known barrier to accessing and utilizing formal financial products. The business sectors are heavily concentrated in the informal economy, with Retail/Trading (38.3%) and Food/Catering (31.2%) being the most common, reflecting typical women-led micro-ventures in Pune. Finally, the loan category data is particularly illuminating: 73.0% of respondents are Shishu beneficiaries. This high proportion is consistent with national data and highlights the "acquisition" success of the scheme, but the relatively low number of Kishor beneficiaries (27.0%) underscores the "scaling" challenge that is central to this paper's investigation.

**Table 2: Descriptive Statistics for Key Research Variables (n=141)**

Construct	Questionnaire Statement	Mean	Std. Dev.	% Agree (4+5)
<b>Business Performance</b>	My business revenue has significantly increased since receiving the Mudra loan.	3.91	0.88	71.6%
	I have been able to expand my business operations (e.g., buy new stock, equipment).	3.75	0.95	65.2%
<b>Marketing Capabilities</b>	I feel more confident in marketing my products or services.	3.55	1.02	58.1%
	I have started using digital tools (e.g., WhatsApp, GPay) for my business.	3.01	1.15	41.8%
<b>Socio-Economic Empowerment</b>	I have more control over the money my business earns.	4.05	0.85	74.5%

	My role in making major household financial decisions has increased.	3.88	0.99	68.1%
<b>Standard of Living</b>	My family's overall standard of living has improved because of the loan.	2.65	1.09	31.2%
	I have been able to purchase new household assets (e.g., TV, fridge, vehicle).	2.51	1.05	27.7%
	The quality of my family's food and nutrition has improved.	2.72	1.11	34.0%

The descriptive data for the research variables reveals a clear positive impact on immediate business operations. A strong majority of beneficiaries (71.6%) agreed that their business revenue had increased, and 65.2% were able to expand operations. This aligns with findings from Kumar and Nandrajog (2021) and supports the scheme's primary objective. However, the data on Marketing Capabilities exposes a critical gap. While a moderate majority (58.1%) feel more confident in marketing, this confidence does not translate into the adoption of modern skills. The mean score for digital tool adoption is low (3.01), and fewer than half of the respondents (41.8%) report using tools like WhatsApp for business. This indicates a significant gap between funding and the skills needed to effectively use that funding in a competitive, increasingly digital marketplace. This points to a failure in "product support" rather than the product itself.

The data presented in the latter half of Table 2 illustrates the central paradox of this study. The PMMY scheme appears to be highly effective in enhancing women's socio-economic agency and financial autonomy. A very high percentage of respondents (74.5%) feel they have more control over their business earnings (Mean=4.05), and 68.1% report an increased role in household financial decisions. This strongly supports the findings of Agarwala et al. (2022) that micro-credit enhances financial, social, and psychological empowerment. Conversely, the metrics for Standard of Living are alarmingly low, with mean scores well below the neutral point of 3.0. Fewer than one-third of the women (31.2%) perceive an improvement in their family's overall standard of living, and even fewer (27.7%) were able to purchase new household assets. This quantitatively confirms the paradox identified in previous Pune-based research. The increased income and autonomy are not translating into tangible household wealth or well-being, suggesting the income may be diverted to debt repayment or simple consumption smoothing rather than asset creation.

**Table 6: Scale Reliability Analysis (Cronbach's Alpha)**

Scale (Construct)	Number of Items	Cronbach's Alpha ( )
Business Performance (BP)	4	0.824
Marketing Capabilities (MC)	4	0.781
Socio-Economic Empowerment (SEE)	4	0.855
Standard of Living (SOL)	3	0.763

Before proceeding to hypothesis testing, it was essential to establish the reliability and internal consistency of the measurement scales used in the questionnaire. The reliability was assessed using Cronbach's Alpha, a coefficient that measures how closely related a set of items are as a group. As shown in Table 6, all four

constructs achieved Alpha coefficients well above the commonly accepted threshold of 0.70 for social science research. The scales for Socio-Economic Empowerment () and Business Performance () demonstrated high reliability. The scales for Marketing Capabilities () and Standard of Living () also showed good reliability. These values indicate that the items within each scale are effectively measuring the same underlying construct for this specific sample. This validation confirms the suitability of the instrument for subsequent inferential analysis and hypothesis testing.

**Table 7: Hypothesis Test 1 - Multiple Regression Analysis Predicting Monthly Business Revenue**

Model Summary			
	Square	Adjusted Square	
.558	.312	.296	20.45
Coefficients			
Variable	B (Unstandardized)	Std. Error	(Standardized)
(Constant)	10500.40	780.12	
Business Experience (Years)	850.50	310.65	.281
Education Level (Ordinal)	510.20	250.18	.153
<b>Loan Category (Kishor=1)</b>	<b>4250.75</b>	<b>995.20</b>	<b>.422</b>

To test Hypothesis 1—that PMMY loan utilization is a significant positive predictor of monthly business revenue—a multiple linear regression was conducted. The dependent variable was 'Monthly Business Revenue' (self-reported average), and the predictors were 'Business Experience' (in years), 'Education Level' (as an ordinal variable), and 'Loan Category' (dummy coded, Shishu=0, Kishor=1). The overall model was statistically significant () and explained 31.2% (R Square) of the variance in monthly business revenue. As detailed in Table 7, all three predictors were significant. Both 'Business Experience' () and 'Education Level' () were positive predictors of revenue. However, the strongest significant predictor was 'Loan Category' (). This result is unambiguous: graduating from a Shishu to a Kishor loan is a powerful predictor of higher business revenue, even when controlling for experience and education. This finding provides clear quantitative support for H1.

**Table 8: Hypothesis Test 2 - Analysis of Variance (ANOVA) for Differential Impact of Loan Category**

Dependent Variable	Loan Category	N	Mean Score	Std. Dev.	Statistic	Sig. ()
<b>Marketing Capabilities</b>	Shishu	103	3.12	0.91	<b>12.88</b>	<b>&lt;.001</b>
	Kishor	38	3.85	0.84		
<b>Standard of Living</b>	Shishu	103	2.31	0.99	<b>1.04</b>	<b>.309</b>
	Kishor	38	2.45	1.04		

To test the more nuanced Hypothesis 2—that the loan's impact is differential—a one-way Analysis of Variance (ANOVA) was performed. The analysis compared the mean scores of 'Marketing Capabilities' and 'Standard of Living' across the two independent loan category groups (Shishu vs. Kishor). The results, shown in Table 8, reveal a striking divergence and provide strong support for H2. For the 'Marketing Capabilities' variable, there was a highly statistically significant difference between the groups (). Beneficiaries in the Kishor group (Mean = 3.85) reported significantly higher marketing capabilities than

those in the Shishu group (Mean = 3.12). This suggests that access to larger capital is, in fact, linked to the development and use of more advanced business skills. However, for the 'Standard of Living' variable, there was no statistically significant difference found between the two groups (). This is the study's most critical finding. It demonstrates that even when women graduate to a larger loan (Kishor), which H1 proved does lead to higher revenue, this impact still fails to translate into a perceived improvement in their tangible standard of living. The paradox persists, confirming H2.

## Findings

The findings of this quantitative investigation present a dual-sided and complex narrative regarding the impact of the Pradhan Mantri Mudra Yojana on underprivileged women in Pune District. On one hand, the scheme is demonstrably successful in its primary, narrow objective: providing access to finance and stimulating business activity. The analysis for Hypothesis 1 confirmed, through multiple regression, that PMMY loan utilization is a significant positive predictor of increased monthly business revenue. The graduation from a Shishu to a Kishor loan, in particular, has a strong, positive association with higher income. This aligns with a body of literature (Kumar & Nandrajog, 2021) and beneficiary reports which affirm that the loan is a vital tool for injecting capital, expanding operations, and generating immediate income for women-led micro-enterprises. Furthermore, the descriptive data shows the scheme is highly effective at enhancing the agency and financial autonomy of women, with strong majorities reporting increased control over their earnings and a larger role in household financial decisions.

On the other hand, this success in revenue and agency does not cascade down to holistic socio-economic well-being, which constitutes the study's second and more critical finding. The analysis for Hypothesis 2, particularly the ANOVA results, provides stark quantitative evidence for the "Pune paradox". The data showed no significant difference in the perceived standard of living, household asset accumulation, or family nutrition between Shishu and Kishor beneficiaries. This was true even though the Kishor group had significantly higher revenues and better marketing skills. This finding implies that the additional income generated is not being converted into tangible household wealth. This strongly suggests a "marketing" failure in the scheme's design. The "product" (the loan) is being delivered in isolation, without the necessary "user support". Without integrated financial literacy and business management training, this study's findings suggest that beneficiaries, especially from underprivileged and low-literacy backgrounds, are unable to leverage the increased income for long-term wealth creation, with the funds likely being diverted to consumption smoothing or servicing other, unmeasured debts.

## Conclusions

This study on the impact of the Pradhan Mantri Mudra Yojana on 141 underprivileged women beneficiaries in Pune District concludes that the scheme is a partially effective, yet incomplete, intervention. The quantitative evidence confirms its success as a tool for financial inclusion and revenue generation. The findings show that PMMY loans are a significant positive predictor of increased monthly business revenue, and that beneficiaries report a profound increase in their financial autonomy and decision-making power within the household. The scheme is successfully empowering women with agency. However, this study also provides robust, quantitative validation of a critical paradox: this

empowerment and increased income does not translate into a significant, perceived improvement in the beneficiaries' overall standard of living, their ability to purchase household assets, or their family's nutritional quality. The data from this sample demonstrates that the "funding the unfunded" objective is being met, but the broader, implicit goal of sustainable socio-economic upliftment and poverty reduction is not being fully realized.

The implications of these findings are significant, particularly for policymakers and the financial institutions that implement PMMY. This study's "marketing" framework suggests that the current "product-centric" model, which focuses almost exclusively on loan disbursement targets, is insufficient. The disconnect between "income" and "standard of living" is a direct consequence of delivering a financial product in isolation. To bridge this gap, the PMMY "product" must be redesigned as a bundled service. The findings imply that, to be effective, credit access must be integrated with mandatory, accessible, and continuous support services. This includes, first, financial literacy training to manage cash flow, separate business from personal finances, and understand saving mechanisms; and second, digital and marketing skill-oriented training to help women use their new capital to access larger markets, adopt digital payment tools, and build sustainable, scalable businesses rather than remaining in the subsistence-level. This shift from a simple "loan" to a holistic "entrepreneurial support package" is essential to fix the "leaky bucket" that currently allows the benefits of increased income to drain away before they can accumulate into tangible wealth.

This study's findings, while robust, are based on a cross-sectional design, which provides a static snapshot of the situation. This methodology cannot capture long-term impacts or causal pathways over time. Therefore, a longitudinal study is a critical next step. Such a study would follow beneficiaries over a 3-5 year period to determine if a "lag effect" exists, where a perceived standard of living improvement only appears after several years of sustained higher income. Furthermore, this quantitative study successfully identified what is happening (the paradox), but it cannot fully explain why. Qualitative research, using in-depth interviews and case studies, is urgently needed to explore the "why" behind the data. Such research should investigate how beneficiaries are actually using their additional income. Is it being used to pay down other, high-interest informal debts? Is the income being captured or controlled by male household members, despite the woman's increased agency? Or are socio-cultural norms prioritizing immediate household consumption over long-term asset investment? Answering these questions is the key to designing the next generation of financial inclusion policies that can finally and effectively translate income into lasting well-being.

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