

# Entrepreneurial Problems of Rural Beneficiaries of Pradhan Mantri Mudra Yojana in Kerala

Dr. Kala S

Assistant Professor, Department of Management, University Institute of Technology, Adoor, Kerala, India

**Abstract:** *The entrepreneurial process consists of a constant search for alternatives, a certain amount of risk - taking and attempts to identify utilise the opportunities and solving problems for socio - economic betterment. Problems confronting with the running of the enterprises are many. They are internal problems such as personal problems of the entrepreneur, enterprise - related problems. Rural enterprises are facing these problems in the more or less same manner. The purpose of this paper is to study the problems faced by entrepreneurs of Pradhan Mantri Mudra Yojana in Kerala and also to study the opinions of entrepreneurs regarding what are the different factors which are helpful for success of entrepreneurship.*

**Keywords:** Entrepreneurial Problems, Pradhan Mantri Mudra Yojana

## 1. Introduction

The last decade has seen witnessed a sudden rise in the number of new micro enterprises in India. environment suitable for easy setup of businesses and entrepreneurship supporting schemes may be the reasons behind it. Still there exist certain problems regarding entrepreneurship. Many factors such as limited access to information, procedures, government rules and regulations, finance, skills and expertise and most importantly guidance plays a major threat to the growth of an enterprise and in - turn affects the economy. Certain centrally sponsored schemes have been implemented to overcome these shortcomings. Pradhan Mantri Mudra Yojana Is one of the popular flagship schemes of Government of India to provide financial support to unfunded segments of the society. In this context it is important to analyse the problems of beneficiaries of Pradhan Mantri Mudra yojana.

## 2. Review of Literature

Rahul Singh (2018) examined various factors which facilitate the development of rural entrepreneurship and problems faced by rural entrepreneurs. The study also identified the major hurdles faced by rural entrepreneurs as the functioning of enterprises, effective utilisation of resources and support of the government.

Pandit Kauraji (2009) assessed the entrepreneurship development in small - scale units and qualities of entrepreneurs running small enterprises, their potentialities and problems faced by them. The study pointed out that at the initial stage of business entrepreneurs faced problems relating to raw material, finance, labour, and marketing. For starting enterprises entrepreneurs considered only their convenience, personal knowledge, experience and advice of relatives and opinions of their friends and did not make any attempt to study the market potentiality of the business idea. Other problems identified were the lengthy procedure of loan, demanding collateral for sectioning of loan. It was also identified that the financial institutions are reluctant to provide financial support to small scale units.

Iranna Bhustali (2018) evaluated the problems faced by entrepreneurs in running enterprises by taking 400

entrepreneurs as samples and identified the major challenges faced by entrepreneurs were financial, infrastructural, marketing, manufacturing, training and personal.

Lalunthara (2012) studied different aspects of entrepreneurship by analysing socioeconomic characteristics of the entrepreneurs who started the micro - enterprises in the district of Aizawl and challenges faced by the enterprises in respect of marketing, production, finance, human resource and internal management. It was concluded that there should be harmonization between production and marketing. The study suggested that it is essential to take up local resource - based enterprises, raw material depots and business incubation centres.

Swamy Tribhuvananda (2014) Conducted a study to know the role of rural entrepreneurship in rural transformation and identified some difficulties in Operating Business, Managing Customers, Resource availability, and Availing support from Government. It was concluded that transformation can be achieved only by overcoming the difficulties in operating enterprises.

Smita Govind (2017) analysed the performance of women - owned micro - enterprises in Goa by assessing their socio - economic profile, motivational factors, initial level hindrances in running the enterprises and available institutional support system. The study correlated financial concern, financial performance and found out that there was no strong relationship between these two factors due to some difficulties like technological, financial and family - related. It is concluded that Success gained by women entrepreneurs depends on financial factors.

Pushpalatha (2015) evaluated the performance of rural women entrepreneurship The study focused on the source of inspiration, personality traits, managerial skills, quality of life of the rural women entrepreneurs and revealed certain causes for their poor socio - economic background. It was concluded that moderate personality traits, limited managerial skills are the constraints faced by rural woman entrepreneurs.

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**Objectives**

To analyse the problems faced by rural beneficiaries of Pradhan Mantri Mudra Yojana.

**Hypothesis**

H<sub>1</sub>: The intensity of the problems faced by the rural PMMY beneficiary is low.

**Analysis**

**3. Methodology**

Multi stage random sampling technique has been used for the collection of primary data. Samples were collected from 400 respondents from 3 districts of Kerala. Data analysis was done using Statistical Package for Social Science version. The statistical tools used are Mean, Median, SD, One Sample Wilcoxon Signed Rank Test, Fried Man Test.

**Table 1:** Problems faced by the Rural Entrepreneurs of PMMY

S. No	Variables	Mean	S. D	Median
1	Personal Problems	2.04	1.34	3.33
2	Socio - psychological problems	2.05	1.34	1.58
3	Product or Service Development Problems	2.05	1.33	1.17
4	Marketing Problems	2.04	1.33	1.17
5	Labour Management Problems	2.04	1.33	1.17
6	Financial Problems	3.26	0.71	1.33
	Problems faced by the Rural Entrepreneurs	2.25	1.12	1.64

Source: Primary Data

It is clear from the table 1 that the percentage analysis on six problems confronted by the rural entrepreneurs, the first five problems are rated at low by more than 70 per cent of the respondent entrepreneurs and the last variable of financial problem has been rated as high by the majority of respondents. It can be concluded from the percentage analysis that the problems confronted by the rural entrepreneurs in Kerala are at a low level except the financial problem.

The mean value of the variables such as Personal problems, Socio - psychological problems, Product or Service Development Problems, Marketing Problems, Labour Management Problems and Financial Problems are 2.04,

2.05, 2.05, 2.04, 2.04 and 3.26 respectively. And the overall mean value of the problems confronted by rural entrepreneurs for running their enterprises is 2.25. All the mean values are well below the statistical mean value of 3 except financial problem. Therefore, it can be concluded that the problems faced by the rural entrepreneurs are at a low level except financial problem on the running the enterprises supported by PMMY.

**Testing of Hypothesis (H1)**

H<sub>1</sub>: The intensity of the problems faced by the rural PMMY beneficiary is low.

**Table 2:** Summary Statistics of the Various Dimensions of Problems Faced by the Rural Entrepreneurs of PMMY

S. No.	Dimensions of Problems	Mean	S. D.	Skewness	Kurtosis	Median	N	Cronbach's Alpha (α)	Problem Intensity Index (%)	One - Sample Wilcoxon Signed Rank Test Results*	
										Z - Statistic	p - value
1	Financial Problems	3.26	0.71	- 0.1	- 0.06	3.33	450	0.893	65.2	7.475	<.001
2	Personal Problems	2.04	1.34	1.03	- 0.28	1.58	450	0.993	41.6	- 11.631	<.001
3	Socio - Psychological Problems	2.05	1.34	1.04	- 0.29	1.17	450	0.998	41.0	- 12.017	<.001
4	Product/Service Development Problems	2.05	1.33	1.03	- 0.29	1.17	450	0.999	41.0	- 12.2	<.001
5	Marketing Problems	2.04	1.33	1.04	- 0.27	1.17	450	0.998	40.8	- 12.175	<.001
6	Labour Management Problems	2.04	1.33	1.05	- 0.26	1.33	450	0.997	40.8	- 12.29	<.001
	Overall Problems	2.25	1.12	1.03	- 0.25	1.64	450	0.991	45.0	10.949	<.001

Note: \* Hypothesised median = 3

Source: Primary Survey Data

The exploratory data analysis results for the problems construct and its six subconstructs listed in Table 2 showed non - normality in the distribution of all the seven constructs, therefore, a non - parametric approach was followed for the analysis of these constructs. The sample data analysis showed that median of the problem construct and all its components were lower than 3 except financial problem. A one - sample Wilcoxon signed rank test was performed to test whether the population median of these

variables was significantly different from 3, the value at the centre point of the scale. The test results reported in Table 2 clearly show that the population median value was significantly different from 3, therefore, it can be inferred that the problems of the rural entrepreneurs in Kerala was significantly lower than the moderate level. It provides empirical support to our hypothesis that the intensity of problems faced by rural PMMY beneficiary is low. So, it can be inferred that competence level of respondents is high

enough to handle the problems except finance problem. If they get additional financial support through the scheme, financial problem may also be reduced.

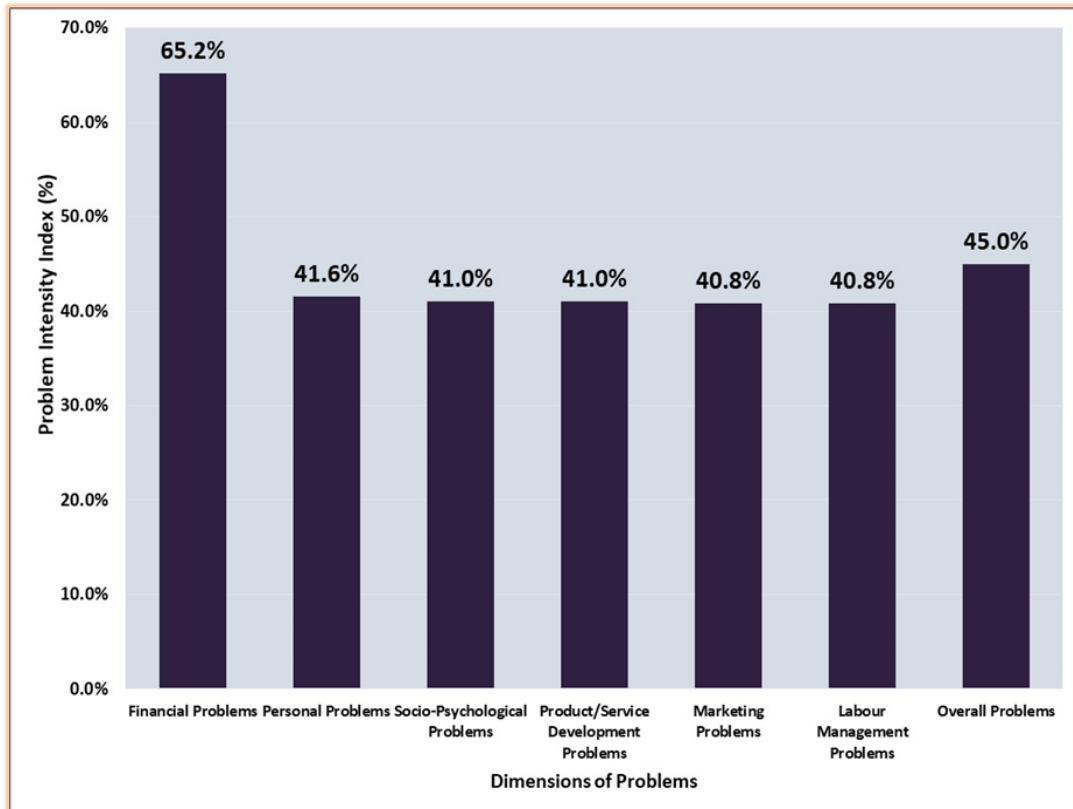


Figure 1: Intensity of Various Dimensions of Problems Faced by the Rural Entrepreneurs of PMMY

A Friedman test was conducted to determine whether intensity of different dimensions of the entrepreneurial problems faced by rural entrepreneurs were different in the population. The result reported in Table.2 indicated that

there was a statistically significant difference in the intensity of different problems faced by rural entrepreneurs in Kerala,  $\chi^2(5) = 616.81, p < .001$ .

Table 3: Friedman Test Results

Sl. No.	Dimensions of Problems	Mean Rank	Friedman Test Statistics	
1	Financial Problems	4.90	$\chi^2$	616.810
2	Personal Problems	3.32		
3	Socio - Psychological Problems	3.23	df	5
4	Product/Service Development Problems	3.22	p - value	<.001
5	Marketing Problems	3.21		
6	Labour Management Problems	3.11	N	450

The Post hoc pairwise comparison analysis using Wilcoxon signed - rank tests with a Bonferroni correction showed that there was statistically significant difference in the intensity of financial problems faced by rural entrepreneurs with all other types of problems faced by them in Kerala. The result is shown in Table 3. It tells that the intensity of financial problems was much higher than all other types of problems faced by rural entrepreneurs in Kerala, while the intensity of all other types of problems faced by rural entrepreneurs in Kerala listed in the table were almost equal, but significantly lower than the financial problems faced by them.

#### 4. Findings

Majority of the rural beneficiaries of the scheme have expressed their opinion with a low score about the problems except the financial problem. It is evident in terms of the

mean and median values derived that the problems faced by rural entrepreneurs in Kerala was significantly lower than the moderate level. It provides empirical support to our hypothesis that the intensity of problems faced by rural PMMY beneficiary is low.

#### 5. Conclusion

The present study assumes greater importance because it aimed to examine the entrepreneurial problems in the rural areas of Kerala. The main objective of the study was to assess problems faced by rural beneficiaries of Pradhan Mantri Mudra Yojana in Kerala. Entrepreneurial problem has been assessed through six factors and is found low except financial problem based on the result of the assessment. Based on the study we can conclude that even though PMMY is a financial supporting scheme for

entrepreneurs, the beneficiaries of the scheme still face financial insufficiencies.

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