

The Influence of the Pradhan Mantri Mudra Yojana on Micro and Small Enterprises Run by Women in India

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ABSTRACT

Launched in April 2015, the Pradhan Mantri Mudra Yojana (PMMY) has been instrumental in empowering women entrepreneurs, micro and small enterprises across India. This study evaluates PMMY's impact on their economic growth and the programme's broader socio-economic benefits. Employing a descriptive research design, it draws on secondary data from the All-India Report of the Sixth Economic Census, examining variables such as enterprise size, sector, and geographic location. Findings show that PMMY has sanctioned amount Rs.225,887.08 crore through roughly 42 million accounts, substantially enhancing women's access to capital. Yet an outstanding balance of amount Rs.184,849.51 crore highlights challenges in loan repayment, underscoring the need for improved financial management and support. Most women entrepreneurs operate as sole proprietors or with minimal staff, suggesting significant potential for business expansion and job creation. State-wise, Tamil Nadu, Kerala, Andhra Pradesh, West Bengal, and Maharashtra emerge as leaders in women's entrepreneurship, reflecting varied regional support systems. In conclusion, while PMMY has driven notable advances in women's economic participation, targeted measures to improve loan recovery and foster enterprise scaling remain essential. **Keywords:** Women- entrepreneurs, micro and small enterprises, Economic development, Socioeconomic advantage and Descriptive research design.

1. INTRODUCTION

The Pradhan Mantri Mudra Yojana (PMMY) has emerged as a transformative initiative for India's micro and small enterprises (MSMEs), particularly benefiting women entrepreneurs. Launched in April 2015, the scheme was designed to provide financial support to non-corporate, non-farm small and micro enterprises by offering loans of up to Rs. 10 lakh (Kumar & Nandrajog, 2021). This policy addresses the critical issue of inadequate capital, which often leads to stagnation or shutdown of MSMEs. By enhancing access to credit, Mudra loans aim to empower women-entrepreneur's businesses, promote economic inclusivity, and strengthen the country's economic foundation (Sharma et al., 2023).

Women- entrepreneurs MSMEs have been recognized as vital to the Indian economy, significantly contributing to employment, income generation, and the nation's GDP. However, these businesses often struggle with limited financial resources, which hampers their growth, development, and capacity for innovation. The introduction of the Mudra loan has proven to be an effective measure to bridge this funding gap and support the establishment and expansion of women-owned enterprises. The PMMY offers a tiered loan structure to cater to businesses at various stages: 'Shishu' loans up to Rs. 50,000, 'Kishor' loans ranging from Rs. 50,001 to Rs. 5 lakh, and 'Tarun' loans from Rs. 5 lakhs to Rs.10 lakh. This framework ensures that women entrepreneurs can access appropriate levels of funding based on the size and maturity of their ventures (Salasty & Kanagavalli, 2021).

The impact of Mudra loans on women- entrepreneurs MSMEs can be evaluated across various dimensions, including economic empowerment, business expansion, and socio-economic advancement. Economically, these

loans enable women entrepreneurs to invest in their businesses by acquiring assets, hiring employees, and improving production efficiency. This financial assistance not only supports scaling up operations and diversifying activities but also enhances the quality of goods and services provided. As a result, it leads to increased revenue and profitability, contributing to the economic upliftment of women entrepreneurs and their families (Elumalai, G., 2024).

From an economic perspective, Mudra loans help address gender-based discrimination and societal biases against women in entrepreneurship. They encourage more women to enter the business sector, fostering innovation and self-reliance. The success stories of women who have benefited from Mudra loans serve as inspiration for others, motivating them to pursue similar paths and contribute to positive societal transformation (Kiruthiga & Sankar, 2023). Furthermore, supporting women's entrepreneurship yields broader social benefits, as women entrepreneurs often reinvest their earnings in their families' well-being, including children's education and healthcare.

2. OBJECTIVE OF THE STUDY

1. To evaluate the economic impact of Mudra loans on the growth and sustainability of women entrepreneurs MSMEs in India.
2. To assess the socio-economic benefits of Mudra loans in enhancing the entrepreneurial capabilities and financial independence of women entrepreneurs in India.

3. IMPOTENCE OF THE STUDY

The significance of this study lies in its potential to evaluate the impact of the PMMY on women-owned MSMEs in India. By examining the economic and socio-economic outcomes of Mudra loans, the research aims to highlight how targeted financial initiatives can effectively support and nurture women's entrepreneurial ventures. Moreover, the insights gained can help policymakers and stakeholders better understand both the successes and challenges faced by women entrepreneurs, ultimately aiding in the improved implementation of such schemes. At its core, the study aspires to promote greater representation of women and marginalized groups in Indian entrepreneurship and contribute to the broader objective of achieving sustainable development goals.

4. LITERATURE REVIEW

Singh et al. (2024) conducted a study to assess the impact of the Mudra Yojana—a microcredit initiative by the Indian government aimed at providing collateral-free loans to women-owned micro and small enterprises—on the socio-economic development of women in tribal regions of West Bengal. Based on quantitative data collected from 417 female beneficiaries, the study found that the scheme significantly enhanced employment opportunities and improved the socio-economic status of women. It led to increased income and promoted financial, social, and psychological empowerment. The findings highlighted that Mudra Yojana played a key role in transforming women into 'active change makers' within their families and communities.

Ashwini et al. (2023) highlight the significant progress made by Indian women in establishing successful businesses, largely supported by various government initiatives aimed at enhancing women's welfare. Recognizing the critical role of women's economic and financial literacy, the Government of India has launched numerous schemes to boost women's income and participation in socio-economic development. Utilizing the 6 A's framework—Availability, Accessibility, Affordability, Awareness, Adequacy, and Approach—the study evaluates how effectively these schemes address the needs of women entrepreneurs. The research investigates these policies as tools for empowering women both economically and socially, and examines their overall impact on women's entrepreneurial activities.

Kumar and Nandrajog (2021) explored the challenges faced by women entrepreneurs across various countries, particularly in developing nations, where limitations in asset ownership and restricted access to capital hinder the growth of women-led businesses. To address these barriers, microfinance has been introduced as a potential solution, though its effectiveness remains under scrutiny. In light of these challenges, the Government of India

launched the Pradhan Mantri Mudra Yojana (PMMY) to support underfunded small and medium enterprises. This study also examines the contribution of Mudra loans to advancing women's entrepreneurship and economic independence in the Delhi-NCR region. Using a quantitative research approach, the study employs tables and graphs to analyze the impact of Mudra loans in empowering women entrepreneurs and enhancing their financial autonomy in the area.

Maurya and Mohanty (2019) investigated the determinants of financial access for women-owned informal enterprises in India—a relatively under-researched area. Drawing on a national micro-level dataset of non-agricultural informal firms and employing a probit model, they identified key drivers of formal credit uptake. Their analysis revealed that larger enterprises, those with diversified activities, and firms maintaining proper accounting records have a higher likelihood of securing formal loans. Additionally, start-ups and those located in southern India were found to enjoy comparatively better access to institutional finance. These findings, which highlight both regional and gender-specific disparities, offer valuable insights for policymakers aiming to improve credit availability for women's informal businesses.

5. RESEARCH METHODOLOGY

5.1 Research Design

The study employs a descriptive research method, relying on secondary data to analyze the impact of financial support schemes on women- entrepreneurs in India. To fulfil its objectives, the research design provides a comprehensive and structured examination of secondary data sourced from the All-India Report of the Sixth Economic Census. The purpose is to identify trends, establish relationships, and draw conclusions related to financial inclusion and business performance, with particular emphasis on the influence of schemes like the PMMY.

5.2 Data Collection

The secondary data for this study is sourced from the Bihar Report of the Sixth Economic Census. This extensive database covers nearly all types of economic activities, providing detailed information on India's micro, small, and medium enterprises (MSMEs). It includes crucial data about women entrepreneurs, such as the scale of their businesses, the sectors they operate in, and their geographic locations. Thanks to the large sample size in this dataset, the study is well-equipped to thoroughly analyze the status of women's entrepreneurship.

5.3 Data Extraction

The data extraction process for this paper centers on isolating information specific to the all-India Report. Key variables gathered include enterprise size, the sector of operation, geographical location, and factors related to financial liberalization. This careful selection ensures that the data pertains exclusively to women-entrepreneurs, which is crucial for maintaining the accuracy and relevance of the analysis. These variables allow for a focused examination of the particular factors influencing financial accessibility and business performance.

5.4 Data Analysis

The data analysis employs visual tools such as tables and graphs to effectively present a large volume of information and highlight key trends and patterns. Tables offer detailed numerical analysis, while graphs provide a clear and easily comparable summary of the data. This approach allows the findings to be communicated in a concise and accessible way, aiding in the explanation of how financial support and other factors impact women-enterprises.

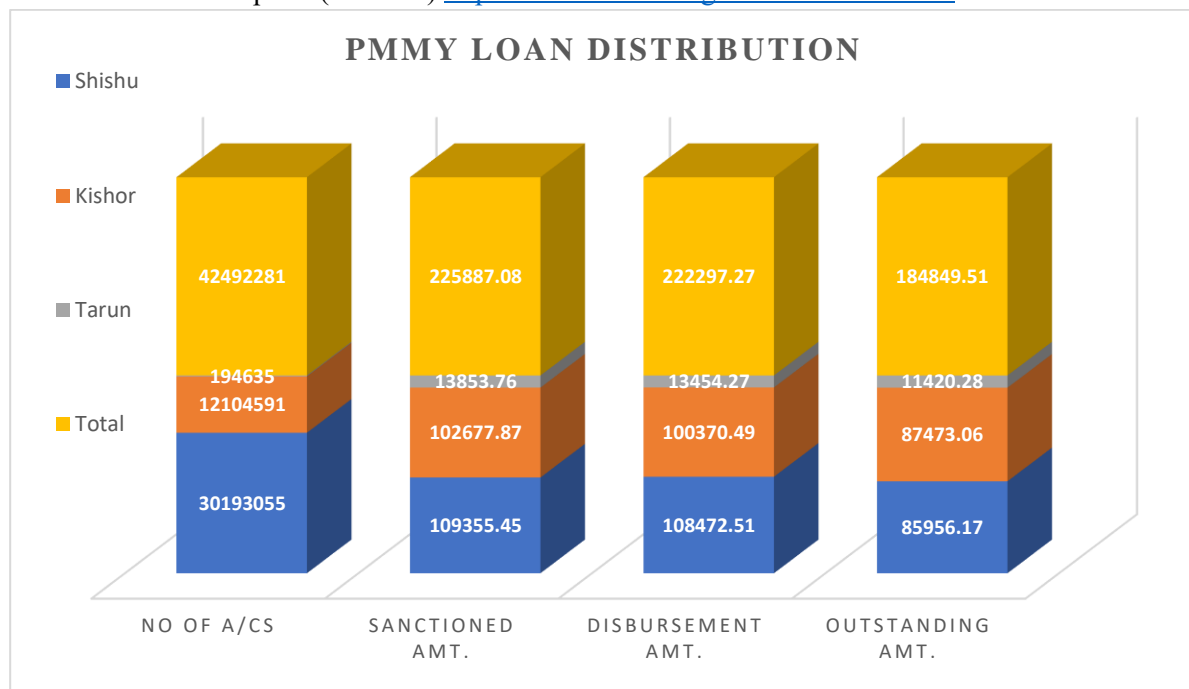
6. DATAANALYSIS

Table - 1: PMMY Loan Distribution and Financial Overview

(Amount Rs. in Crores)

Categories	No Of A/Cs	Sanctioned Amt.	Disbursement Amt.	Outstanding Amt.
Shishu	30193055	109355.45	108472.51	85956.17
Kishor	12104591	102677.87	100370.49	87473.06
Tarun	194635	13853.76	13454.27	11420.28
Total	42492281	225887.08	222297.27	184849.51

Sources: PMMY Reports (2023-24) <https://www.mudra.org.in/Home/ShowPDF>



The table provides a detailed snapshot of the **Pradhan Mantri Mudra Yojana (PMMY)** performance across its three loan categories—**Shishu**, **Kishor**, and **Tarun**—based on the number of accounts, sanctioned amount, disbursement amount, and outstanding amount. Here's an interpretation of the data:

Dominance of Shishu Loans:

71% of all accounts fall under the **Shishu** category (up to Rs. 50,000), indicating high demand for micro-credit among early-stage or very small enterprises. Despite the small ticket size, Shishu loans collectively account for nearly **48%** of the total sanctioned amount.

Higher Sanction and Disbursement in Kishor Loans:

While fewer in number than Shishu, **Kishor loans** (Rs. 50,001–Rs. 5 lakhs) have a **sanctioned amount** almost equal to Shishu loans, showing that growing enterprises are accessing larger credit. This category shows strong uptake and utilization, with disbursement close to 98% of sanctioned value.

Tarun Loans Are Least Availed:

Tarun loans (Rs. 5–10 lakhs) make up less than **0.5%** of total accounts, indicating fewer enterprises reach the stage of needing or qualifying for higher funding. However, average loan size is significantly higher, showing support for more established businesses.

Outstanding Amounts:

Outstanding amounts are generally high, indicating that loans are still within repayment periods or being serviced regularly. Shishu and Kishor categories have similar levels of outstanding amounts (Rs. 86k–87k crore), suggesting consistent usage and perhaps slower repayment in these segments.

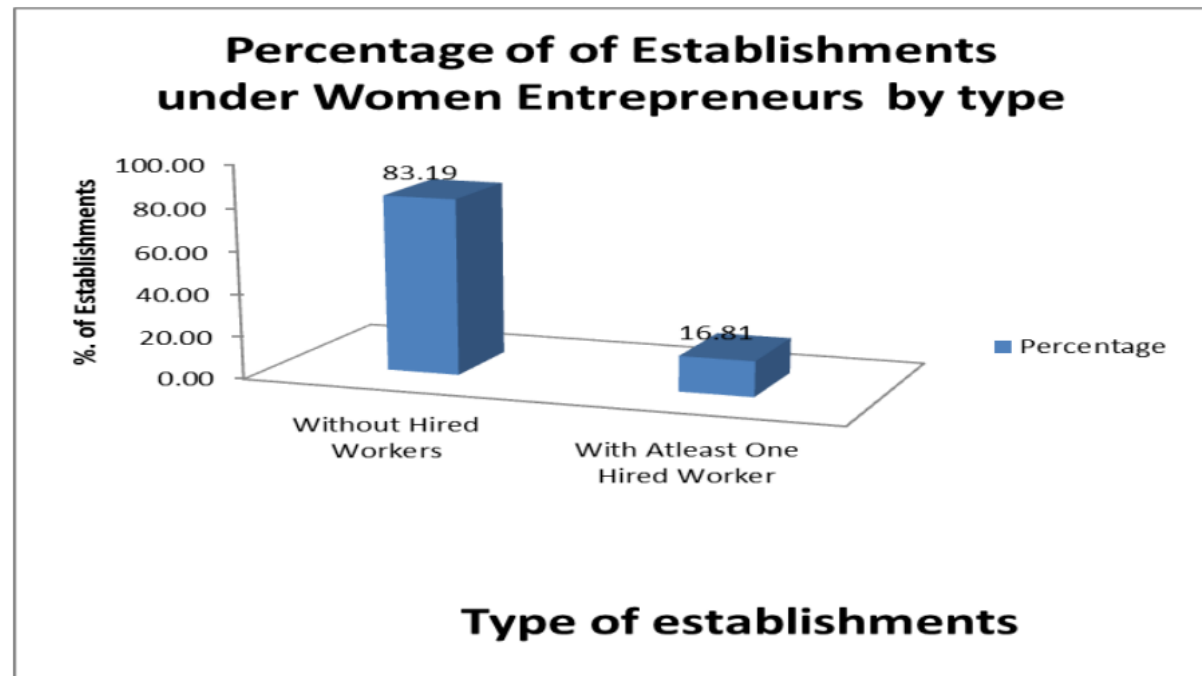
The data reveals that PMMY has been **most impactful at the grassroots level**, especially in **micro-enterprise development** through Shishu loans. The steady increase in loan size through Kishor and Tarun categories reflects a **pipeline of enterprise growth**. The scheme appears to be meeting diverse funding needs effectively, but the **low uptake in Tarun** loans may indicate the need for improved support and credit readiness for scaling businesses.

Table -2: Distribution of total number of Establishments under women entrepreneurship by type of establishment in India

Number of Establishments by type				
All India	Without Hired Workers	With at least One Hired Worker	All	Percentage share of establishments
	6697354	1353465	8050819	100
	83.19%	16.81%	100.00%	

Source: 6th Eco Survey Report (2023-24)

According to the 6th Economic Census Report (2023–24), out of a total of 8,050,819 establishments across India, 6,697,354 or roughly 83.19% are women- entrepreneurs enterprises operating without any hired employees. In comparison, only 1,353,465 establishments (16.81%) have at least one worker on their payroll. This data suggests that most women- entrepreneur’s businesses are either sole proprietorships or micro-enterprises with no additional workforce, indicating a key opportunity for expansion in employment generation within this segment.



Source: 6th Eco Survey Report (2023-24)

Interpretation of the Chart:

This 3D bar chart visualizes the distribution of women-enterprises in India based on whether they employ any hired workers, as per the 6th Economic Census Report 2023-24.

Dominance of Self-Run Enterprises:

A significant **83.19%** of women- entrepreneurs establishments operate **without hired workers**, indicating that most women entrepreneurs manage their businesses independently. This suggests a prevalence of **sole proprietorships** or **home-based micro-enterprises**.

Limited Employment Generation:

Only **16.81%** of these businesses employ **at least one worker**. This highlights a **limited contribution to job creation** by women-owned enterprises, possibly due to capital constraints, scale limitations, or a preference for managing small, manageable operations.

Potential for Growth:

The data suggests a substantial **untapped potential** for expanding employment if these enterprises receive proper support, such as **financial assistance (e.g., MUDRA loans)**, **skills training**, and **market linkages**. Enabling women to scale their businesses could result in greater **economic empowerment** and **broader socio-economic development**.

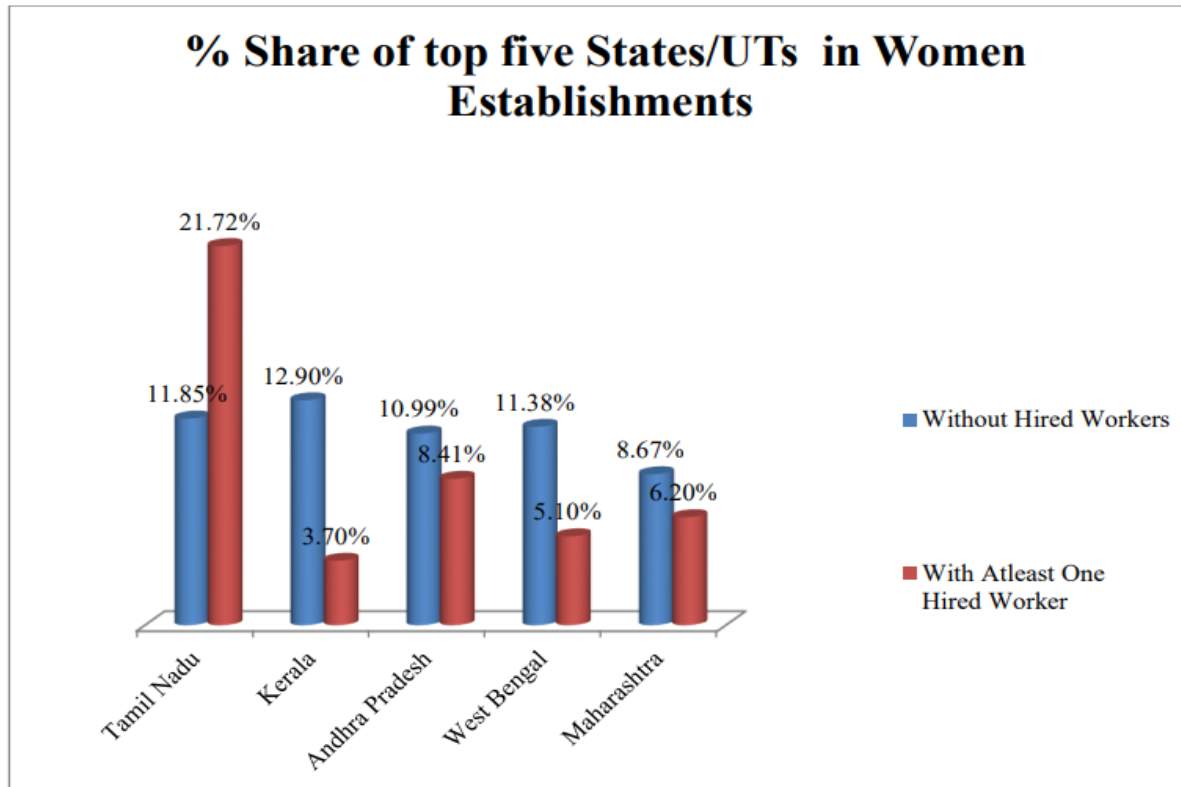
While women entrepreneurs form a large segment of business ownership in India, the overwhelming majority operate without employees, underlining the need for targeted policies to support their **growth and job creation potential**. This finding points to a **critical opportunity area** for enhancing financial inclusion, business development services, and entrepreneurial ecosystems for women.

Table – 3: Top 5 state/ UTs in women establishment

Number of Establishments by type					
Sl. No.	All India	Without Hired Workers	With at least One Hired Worker	All	Percentage share of establishments
1	Tamil Nadu	793646	293963	1087609	13.51
2	Kerala	863797	50120	913917	11.35
3	Andhra Pradesh	736146	113766	849912	10.56
4	West Bengal	762247	69090	831337	10.33
5	Maharashtra	580337	83963	664300	8.25

Source: 6th Eco Survey Report (2023-24)

As per the 6th Economic Survey Report (2023–24), the top five states and Union Territories with the highest number of women- entrepreneur’s establishments are Tamil Nadu, Kerala, Andhra Pradesh, West Bengal, and Maharashtra. Tamil Nadu tops the list with 793,646 such establishments, followed by Kerala with 863,797, Andhra Pradesh with 736,146, West Bengal with 762,247, and Maharashtra with 580,337. In terms of share, Tamil Nadu has the highest percentage of women-enterprises at 13.51%, with Kerala (11.35%), Andhra Pradesh (10.56%), West Bengal (10.33%), and Maharashtra (8.25%) following closely behind.



Source: 6th Eco Survey Report (2023-24)

7. CONSLUSION

The Pradhan Mantri Mudra Yojana (PMMY) has had a significant impact on women- entrepreneurs, micro and small enterprises (MSMEs) in India by offering crucial financial assistance through its three loan categories— Shishu, Kishore, and Tarun. The economic impact of these loans is evident from the substantial sanctioned amount of Rs. 2,25,887.08 crore, spread across approximately 42 million accounts. This funding has been instrumental in supporting women entrepreneurs, particularly those who face difficulties accessing credit through traditional banking systems. However, the outstanding amount of Rs. 1,84,849.51 crore points to challenges in loan repayment, highlighting the need for better financial literacy and support structures to ensure the long-term viability of these businesses. In addition to economic benefits, Mudra loans have brought about notable social changes. By facilitating access to capital, the scheme has helped enhance women's entrepreneurial capabilities and increased their financial independence. Furthermore, the data shows that a large portion of women-enterprises are sole proprietorships or have minimal staffing, indicating that while many women are self-employed, there is considerable potential for business growth and job creation in this sector.

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