



## **15. Role of Pradhan Mantri Mudra Yojana Scheme for Women Entrepreneurship Development in India**

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### **ABSTRACT**

*The entrepreneurial acumen among people of a nation helps it to achieve economic growth and development. However, there should not be any gender disparity while nurturing entrepreneurial ecosystem in the country as “women entrepreneurs have emerged as new drivers for maintaining the growth and prosperity in developing economies”. Although, women constitute “almost half of the population but there remains wide disparity in their economic status particularly in India”. Hence, the Government of India has taken various initiatives for enhancing women participation in the entrepreneurial activities & partnering them in development of the country. Furthermore, Pradhan Mantri Mudra Yojna (PMMY) is considered pivotal in this regard, providing special attention to extend credit to women entrepreneurs.*

*Therefore, this descriptive study is an attempt to observe gender-wise entrepreneurship generated under the aegis of MUDRA scheme in different loan categories on the basis of number of accounts, beneficiaries and amount sanctioned. Further, the study found that the total number of women account beneficiaries increased substantially; however, at a decreasing rate in the given financial years and 70% of the total loan borrowers are women since the inception of the scheme and majority of these accounts are opened under Shishu scheme. Further, the study found that the share of amount sanctioned was higher in FY 2015-16 for women than the men counterparts, which gradually declined in the subsequent financial years. Therefore, this descriptive study is an attempt to observe gender-wise entrepreneurship generated under the aegis of MUDRA scheme in different loan categories on the basis of number of accounts, beneficiaries and amount sanctioned.*

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**KEYWORDS:**

*PMMY, MUDRA Yojana, Women, Entrepreneurs, Micro Enterprises, Women Entrepreneurs*

**Introduction:**

The entrepreneurial spirit exists in all humans irrespective of gender and economic growth of a country would remain uneven without involvement of women in the entrepreneurial activities, as they constitute almost half the population and the realm of entrepreneurship is not at all confined to any specific gender (Cabrera and MAURICIO, 2017). Further, women entrepreneurs chase their altruistic commitment towards society and they strongly consider their emerging enterprises concepts would contribute to the economic, community development and generate various new job opportunities. Hence, policymakers from time to time keep formulating and implementing various policies to nurture the enthusiastic spirit.

The government has launched a special loan program for women entrepreneurs under the Pradhan Mantri Mudra Yojana scheme, known as the Mudra Yojana Loan Scheme or Mahila Udhyaami Yojana. This initiative offers women entrepreneurs approximately Rs 10 lakh loans, free from collateral requirements and featuring low-interest rates with flexible repayment tenures. These loans, available to men and women under the Mudra scheme, are disbursed by various financial institutions, banks, and micro-finance institutions. These loans receive funding via a specialized public sector bank, the Micro Units Development and Refinance Agency Bank.

To promote this mudra loan for women entrepreneurs, the government has advised all banks, as well as non-banking financial companies (NBFCs) and micro-finance institutions, to reduce the interest rates by twenty-five basis points when granting Mudra loans to women. Consequently, mudra loan for housewife may benefit from reduced interest costs and other advantages this program offers.

The efficacy of Mudra loans emerges as a compelling statistical testament to India's commitment to fostering small businesses. With a staggering 6.48 crore (64.8 million) Mudra loans disbursed till date, these loans have become a critical catalyst for the growth and sustenance of small-scale enterprises across the nation. As we delve into this discourse, it is imperative to underscore not only the sheer numerical magnitude but also the socio-economic implications that Mudra loans carry. Women entrepreneurs, armed with Mudra loans, have not only spearheaded economic growth but have also ushered in a wave of gender empowerment, challenging traditional roles and contributing substantively to the nation's socio-economic fabric. Their remarkable journey underscores the fact that financial inclusion and gender parity are inextricably intertwined.

As we delve deeper into the multifaceted world of Mudra loans and their transformative impact, this narrative unfolds to reveal not only statistical milestones but also stories of resilience, ambition, and economic empowerment. To comprehend the intricate web of implications and opportunities, join us in exploring the multifarious dimensions of Mudra loans and women's entrepreneurship, driving India's economic growth.

### **The Present Scenario of Women Entrepreneurship in India:**

Around 20% of enterprises in India's current women entrepreneurship landscape proudly bear female ownership. Striving to redefine its economic and social trajectory, Mudra Loans for Ladies empowers businesses led by women. Consequently, numerous dynamic women gain recognition for their exceptional entrepreneurial skills. Yet as impressive as this progress may be, it doesn't negate the fact that obstacles persist for these same female entrepreneurs: limited access to finance, gender biases, etc. Balancing domestic responsibilities can prove daunting amidst rigorous business demands – a task which often falls disproportionately on them largely because societal expectations remain skewed towards traditional gender roles. Furthermore, there exists both limited market entry opportunities along with an evident lack of technological literacy. Actively addressing these challenges, Mudra Loans for Women strategically emerge as a solution as they provide essential financial resources and create a supportive environment.

### **The Role of Mudra Loan Yojana in Promoting Women Entrepreneurship:**

Beyond traditional forms of financial assistance for women entrepreneurs, Mudra Loan for ladies offers competitive interest rates and a diverse range of loan categories. These loans also challenge gender norms by promoting equality and fostering economic growth. Both individuals and legal entities receive an inclusive invitation through the eligibility criteria. Thus, encouraging entrepreneurship is among all segments of society. Not merely a financial tool, Pradhan Mantri Mudra Loans for women empower them by defying societal norms and propelling socio-economic advancement. This support equips them for the transformative path of varied and innovative entrepreneurship.

### **Number of women account beneficiaries in PMMY:**

The government's plans to empower women got a major fillip, especially in the rural regions, with women getting a large portion of loans under the Pradhan Mantri Mudra Yojana (PMMY) and Stand-Up India (SUPI). A total of 306.4 million loans under the PMMY, comprising 69% of the total sanctioned loans, were given to women as of 24 November 2023, a finance ministry statement said. Under SUPI, as of 24 November, out of 209,000 loans sanctioned, 84%, or 177,000 loans, have been sanctioned to women entrepreneurs, it added. PMMY facilitates micro credit, which are loans up to ₹10 lakh to micro enterprises engaged in the non-farm sector like manufacturing, trading and service sectors, including agriculture, poultry, dairy, etc.

The Stand-Up India Scheme was launched in 2016 to promote entrepreneurship at the grassroots level, focusing on economic empowerment and job creation. This scheme has been extended up to 2025. "Micro-credit through PMMY encouraged female entrepreneurship, raised earnings and employability, and thereby empowered them financially, socially and psychologically," the finance ministry statement said. "By allocating the target to provide at least one loan to women and one loan to SC/ST entrepreneurs, SUPI encouraged lenders to finance green-field projects to women entrepreneurs, which goes a long way in the promotion of entrepreneurship among women and women-led enterprises," it added. Mudra loans play a pivotal role in bridging the gender gap in entrepreneurship.

By providing women with access to formal financial institutions, these loans promote financial inclusion, allowing building credit histories and strengthening their financial profit.

### **The Current Landscape of Women Entrepreneurship in India:**

Statistical data reveals a dynamic landscape for women entrepreneurs in India. As of my last knowledge update in September 2021, women-owned enterprises in India were making significant strides, contributing substantially to the nation's economic development. Here are some key statistics:

<b>Indicator</b>	<b>Statistics</b>
Total Women Entrepreneurs In India	Over 8 Million (Source: ILO)
Women-Led Msmes	Approximately 20% Of All Msmes (Source: Ministry Of MSME)
Share In Startup Founders	About 14% (Source: NASSCOM)

While these numbers showcase progress, women entrepreneurs continue to grapple with several challenges and barriers:

**Access to Finance:** Securing capital remains a significant hurdle, as women-owned businesses often face limited access to loans and investment opportunities. **Gender Bias:** Prevalent gender stereotypes and biases can hinder women's ability to network, access mentors, and negotiate business deals effectively. **Balancing Responsibilities:** Striking a balance between entrepreneurial pursuits and traditional domestic roles can be daunting, impacting business continuity. **Market Access:** Limited access to markets and distribution networks can hinder growth prospects for women entrepreneurs. **Tech Literacy:** In a digital age, the gender gap in tech literacy can be a barrier to utilizing digital tools for business expansion.

### **Fostering Entrepreneurship:**

#### **Types of Mudra Loan Categories**

<b>Category</b>	<b>Loan Amount</b>
Shishu Category:	Loan Amount: Up to Rs. 50,000 Ideal for micro-businesses Easy eligibility for small startups
Kishor Category:	Loan Amount: Rs. 50,001 to Rs. 5,00,000 Suitable for moderate-scale ventures Requirements vary by lending institution
Tarun Category:	Loan Amount: Rs. 5,00,001 to Rs. 10,00,000 For ambitious enterprises Eligibility tailored to business scale

*Role of Pradhan Mantri Mudra Yojana Scheme for Women Entrepreneurship Development in India*

Mudra loans, an acronym for Micro-Units Development and Refinance Agency loans, have emerged as a crucial financial instrument in India's pursuit of fostering entrepreneurship and promoting small businesses. These loans are categorized into three segments: Shishu, Kishor, and Tarun, each tailored to meet the diverse financial needs of aspiring entrepreneurs. Mudra Loan Categories: **Shishu:** This category caters to budding entrepreneurs seeking a modest financial boost for their micro-enterprises. Shishu loans typically offer credit up to Rs. 50,000. **Kishor:** Entrepreneurs in need of moderate capital infusion can turn to Kishor loans, which provide support ranging from Rs. 50,001 to Rs. 5,00,000. **Tarun:** For those with more ambitious business aspirations, Tarun loans extend financial assistance ranging from Rs. 5,00,001 to Rs. 10,00,000.

Aspect	Details
Loan Amount	Shishu: Up to Rs. 50,000 Kishor: Rs. 50,001 to Rs. 5,00,000 Tarun: Rs. 5,00,001 to Rs. 10,00,000
Interest Rates	Vary depending on the lending institution, but typically competitive within the market
Eligibility Criteria	Individuals, sole proprietors, partnership firms, limited liability partnerships, private and public limited companies, and more can apply. The nature and scale of the business influence eligibility.
Repayment Tenure	Flexible, with repayment terms varying

Mudra loans are proving significantly important in addressing the financial needs of micro and small enterprises, specifically those that are led by women.

These loans are providing them with the necessary financial resources and contributing to economic growth by fostering innovation, employment generation, and economic diversification.

The borrowers from Minorities category accounted for 12.06% in terms of number of accounts and 10.06% in terms of amount disbursed in FY 2022-23 under PMMY.

Average loan size the average size of loans extended under PMMY in different categories of loan is analyzed and given below:

**Average Size of Loans Extended Under PMMY In Different Categories:**

Amount Disbursed ( ^ in crore)		No. of loan accounts		Average loan size ( ^ )		
February	2021-22	2022-23	2021-22	2022-23	2021-22	2021-22
<b>Total</b>	3,31,402.20	4,50,423.66	5,37,95,526	6,23,10,598	61,604.04	72,286.85

**Source:** sample survey 2023

The average loan size under PMMY during FY 2022-23 increased to ` 72,286.85 as against ` 61,604.04 in the previous year

**Sanctions and Disbursements (In Crore):**

<b>Borrower Category</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>PSB + RRB</b>	2,671.25	2,068.52	4,072.48	4,529	2,158	10,479.65	11,807.87	8683
<b>PVT+ SFB</b>	0	0	01,600	1,270	264	1,077	633.28	1490
<b>MFI</b>	812	820	446.5	236	1,080	356	1,025	973
<b>NBFC</b>	0	399	1371,	1,200	1,309	4002	2090	675
<b>PTC</b>	49.95	271.42	721.92	323.1	0	0	66.66	427
<b>Total</b>	3533.20	3558.94	7977.90	7558.10	4811.00	12312.65	15622.81	12248.00

**Source:** sample survey 2023

**Categories of MUDRA loans and beneficiaries FY 2022-23 and cumulative for 8 years under Pradhan Mantri Mudra Yojana**

<b>Category</b>	<b>2022-23 (Share)</b>			<b>Cumulative for 8 years since inception</b>		
	No of accounts	Amount sanctioned (crore)	Amount disbursed (crore)	No of accounts	Amount sanctioned	Amount disbursed (crore)
<b>Women</b>	4,42,56,813	2,16,954	2,15,035	28,24,88,984	10,58,623	10,21,457

**Source:** sample survey 2023

**Empowering Women Entrepreneurs with Mudra Loans:**

The impact of Mudra loans on women entrepreneurs in India is nothing short of remarkable. These loans have been pivotal in breaking down barriers and enabling women to step into the entrepreneurial realm. Let`s explore this transformation through a statistical lens and share inspiring success stories:

**Statistical Snapshot of Women Empowered by Mudra Loans:**

Over 65% of Mudra loan beneficiaries are women, reflecting their increasing participation in entrepreneurship. More than 3.5 crore (35 million) women entrepreneurs have availed of Mudra loans, charting their course towards self-reliance.

**Advantages of Mudra Loans for Women Entrepreneurs:**

Financial Inclusion

Access to Affordable Capital

## *Role of Pradhan Mantri Mudra Yojana Scheme for Women Entrepreneurship Development in India*

Business Expansion Opportunities

Empowerment and Independence

Job Creation

Economic Growth

Gender Equality Promotion

Mudra loans have emerged as a beacon of hope for women entrepreneurs in India, offering a range of distinct advantages that not only foster gender equality in entrepreneurship but also catalyze economic growth:

### **Lower Interest Rates and Customized Schemes:**

Mudra loans often come with lower interest rates compared to traditional financing options. This makes borrowing more affordable for women entrepreneurs, reducing the financial burden associated with starting or expanding a business.

Schemes under Mudra are tailored to the unique needs of women, recognizing their varied entrepreneurial pursuits, from micro-enterprises to larger ventures. These customized schemes ensure that women have access to financial resources that align with their business goals.

### **Financial Inclusion:**

Mudra loans play a pivotal role in bridging the gender gap in entrepreneurship. By providing women with access to formal financial institutions, these loans promote financial inclusion, allowing women to build credit histories and strengthen their financial profiles.

### **Empowering Entrepreneurship:**

By facilitating easy access to capital, Mudra loans empower women to pursue diverse business opportunities.

Whether it's starting a small-scale manufacturing unit, launching a boutique, or venturing into agri-business, these loans enable women to translate their entrepreneurial visions into reality.

### **Job Creation:**

With the support of Mudra loans, women entrepreneurs are creating job opportunities for themselves as well as others. This job creation is also aiding the local communities, contributing to economic development.

### **Economic Growth:**

The gender-inclusive approach of Mudra loans helps unleash the full potential of India's female workforce, which, in turn, fuels economic growth. Women-led businesses contribute significantly to GDP and bolster the nation's entrepreneurial ecosystem.

### **Gender Equality:**

Mudra loans represent a significant step towards gender equality in entrepreneurship, challenging traditional stereotypes and promoting women as capable and successful business leaders.

### **Conclusion:**

Pradhan Mantri Mudra Yojana (PMMY) continues to serve millions of unfunded micro-borrowers in the country with loans much needed for their business activities resulting in upliftment of their lives. The PMMY programme, during the last eight years, has benefitted 41.16 crore loan accounts with a disbursement of ₹ 22.89 lakh crore. Thus, enabling is the grass-root economy of the country to contribute in a bigger way to the overall economic growth of the nation. The Pradhan Mantri MUDRA Yojana (PMMY) has pivoted female entrepreneurship by extending micro-credit, resulting in increased earnings and employability. This significant financial support directly translates to economic and social empowerment. Conclusively, the data tangibly demonstrates Mudra Loans' promotion of financial inclusion and women's empowerment across diverse economic sectors. The numbers narrate a tale beyond mere disbursement of loans; they depict transformations in lives and diversification within economic landscapes.

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