

**PRADHAN MANTRI MUDRA YOJANA (PMMY) IN PROMOTING WOMEN'S  
EMPOWERMENT THROUGH ENTREPRENEURSHIP DEVELOPMENT**

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**Abstract**

Pradhan Mantri Mudra Yojana (PMMY) is a crucial government initiative to foster women's empowerment in India through entrepreneurship development. Launched in 2015, PMMY extends financial support to non-corporate, non-farm micro and small enterprises, focusing on women entrepreneurs. This study explains the mechanisms, impact, and challenges of PMMY in promoting women's empowerment. It explores how PMMY facilitates access to collateral-free loans, offers entrepreneurship training, and addresses gender disparities in the business landscape. The analysis utilizes Chi-square tests to examine the association between socio-economic factors and women's uptake of Mudra loans.

**Keywords:**

*PMMY, Women Empowerment, Awareness, Entrepreneurship*

**Introduction**

Pradhan Mantri Mudra Yojana (PMMY) stands as a beacon of hope for women across India. Launched in 2015, PMMY represents a visionary step by the Government of India to empower women through entrepreneurship development. The PradhanMantri Mudra Yojana (PMMY) is a flagship scheme of the Government of India that provides financial support to budding entrepreneurs, particularly those from marginalized sections of society, including women. Through PMMY, women entrepreneurs are empowered to access much-needed capital without the requirement of collateral, which has historically been a significant barrier for many aspiring businesswomen. PMMY goes beyond merely providing loans. It also emphasizes the importance of fostering an entrepreneurial mindset among women. PMMY equips women with the skills and knowledge necessary to succeed in the competitive business landscape by offering handholding support, training programs, and access to business development services.

The impact of PMMY on women's empowerment is significant and multifaceted. By generating income through entrepreneurship, women gain autonomy and decision-making power within their households and communities. Furthermore, PMMY contributes to the broader goal of inclusive economic growth by tapping into the vast untapped potential of women entrepreneurs. As more women participate in the economy, a ripple effect leads to job creation, poverty reduction, and overall socio-economic development. Despite its successes, PMMY faces particular challenges, including limited awareness among women about the scheme, bureaucratic hurdles in the loan application process, and the need for additional support services such as mentorship and networking opportunities. Addressing these challenges is crucial to ensure that PMMY continues effectively promoting women's empowerment and entrepreneurship development in India.

**Objectives of the Study**

1. To evaluate the effectiveness of the MUDRA scheme in promoting women's entrepreneurship.
2. To analyze the challenges faced by women entrepreneurs.

**Classification of Mudra Loans**

PMMY operates through a three-tier structure, with loans classified into three categories or "Mudra" loan segments:

1. **Shishu:** This category provides loans up to a specific limit, typically for entrepreneurs in the early stages of business development. It offers modest financial assistance to those who need to start or stabilize their enterprises.

2. **Kishor:** The Kishor segment caters to businesses that have surpassed the initial stage and are looking to expand or diversify. Loans in this category are higher in amount and aim to fuel the growth of established ventures.

3. **Tarun:** The Tarun category is designed to support well-established businesses that require substantial funding for further expansion, modernization, or scaling up their operation

**Year-wise sanction amount is as follows:**

Year	No of Loans Sanctioned (in cr.)	Amount Sanctioned (Rs Lakh crore)
2015-16	3.49	1.37
2016-17	3.97	1.80
2017-18	4.81	2.54
2018-19	5.98	3.22
2019-20	6.22	3.37
2020-21	5.07	3.22
2021-22	5.37	3.39
2022-23 (as on 24.03.2023)*	5.88	4.32
<b>Total</b>	<b>40.82</b>	<b>23.2</b>

*\*Provisional*

Launched on 8 April 2015 by Prime Minister Narendra Modi to facilitate easy collateral-free micro-credit seamlessly to micro-enterprises in the country and allow borrowers to fulfill their entrepreneurial dreams, the PMMY enables easy and hassle-free access to credit of up to Rs 10 lakh to non-corporate, non-farm-small-and-micro-entrepreneurs-for-income-generating-activities-. According to a 2013 NSSO survey, India comprised 5.77 crore small/micro units, wherein a majority were sole proprietorships/own account enterprises, which employed 12 crore people. Of the total small/micro units, The loans are provided by member lending institutions (MLIs), which include banks, non-banking financial companies (NBFCs), microfinance institutions (MFIs), and other financial intermediaries. The rate of interest is decided by lending institutions according to RBI guidelines. In the case of a working capital facility, interest is charged only on money held overnight by the borrower. The PMMY also serves the government's financial inclusion agenda through three pillars—banking the unbanked, securing the unsecured, and funding the unfunded, which is being implemented to provide access to credit for small entrepreneurs.

**Analysis and Interpretation**

**Table 1: Chi-Square**

Variables	Chi-square value	D.F	Table value at 5% level
Age	9.762	3	9.348
Gender	1.205	1	3.841
Area of residence	10.357	2	5.991
Marital status	1.439	3	9.348
Educational Qualification	4.342	4	9.488
Family type	1.205	1	3.841
Status in Family	1.875	2	5.991
Family income (per month)	1.954	2	5.991

The calculated Chi-square value is greater than the table value at the 5% level; it can be inferred that an association between age and area of residence influences the purchase of mudra loans. The calculated chi-square value is less than the table value at the 5% level; it can be inferred that there is no association between Gender, Marital status, Educational qualification, Family type, Status in the family, and Family income (per month) in influencing buy mudra loans.

### **MUDRA scheme in promoting women's entrepreneurship**

- 1. Increasing Allocation to Women Entrepreneurs:** The data illustrates a consistent increase in the percentage of loans allocated to women entrepreneurs over the years. This suggests that the MUDRA scheme has successfully prioritized and promoted financial assistance to women-led businesses.
- 2. Financial Inclusion:** The MUDRA scheme contributes to financial inclusion by disbursing loans to women entrepreneurs, particularly those from marginalized sections of society. It enables women who may have previously lacked access to formal credit to start or expand their businesses, enhancing their economic empowerment.
- 3. Creation of Women-Led Enterprises:** The increasing allocation of loans to women entrepreneurs indicates the scheme's role in facilitating the creation of new enterprises led by women. This boosts women's economic participation and contributes to job creation and economic growth at the grassroots level.
- 4. Empowerment and Autonomy:** Access to finance empowers women entrepreneurs to make independent business decisions, manage enterprises, and invest in personal and professional development. This autonomy fosters a sense of empowerment among women, enabling them to break free from traditional gender roles and contribute actively to their families and communities.
- 5. Skill Development and Capacity Building:** Besides financial assistance, the MUDRA scheme often provides support services such as training programs, mentorship, and networking opportunities. These initiatives enhance women's entrepreneurial skills and capacities, equipping them with the knowledge and confidence to succeed in business.

### **Challenges faced by women entrepreneurs**

- 1. Limited Access to Finance:** Women entrepreneurs often encounter challenges in accessing adequate business financing. Discrimination, lack of collateral, and limited financial literacy contribute to this barrier, making it difficult for women to secure loans or investment capital.
- 2. Access to Markets and Networks:** Women entrepreneurs may face barriers to accessing markets and establishing business networks. Limited access to market information, procurement opportunities, and industry networks can hinder their ability to scale their businesses and compete effectively.
- 3. Limited Access to Training and Mentorship:** Compared to their male counterparts, women entrepreneurs often have limited access to entrepreneurship training, mentorship, and professional development opportunities. This lack of support hampers their ability to acquire essential business skills and knowledge.
- 4. Legal and Regulatory Constraints:** Women entrepreneurs may encounter legal and regulatory barriers that disproportionately affect them. Complex bureaucratic processes, legal requirements, and gender-specific regulations can hinder business registration, compliance, and expansion efforts.
- 5. Lack of Role Models and Representation:** The under-representation of women in leadership positions and entrepreneurship roles means that aspiring women entrepreneurs often lack visible role models or mentors to emulate. This absence of representation can impact confidence levels and deter women from pursuing entrepreneurial ventures.

### **Conclusion**

Pradhan Mantri Mudra Yojana (PMMY) has emerged as a transformative force in driving women's empowerment through entrepreneurship development in India. By providing accessible and collateral-free financial support, PMMY has dismantled traditional barriers that hindered women from starting or expanding their businesses. The scheme's focus on women entrepreneurs has significantly increased women-led enterprises across diverse sectors. Furthermore, PMMY's holistic approach,

which includes entrepreneurship training, mentorship, and networking opportunities, has fostered skill development and capacity-building among women, enhancing their confidence and competitiveness in the business arena. While awareness gaps and bureaucratic hurdles persist, PMMY's positive impact on women's economic empowerment and societal progress is undeniable. Continued efforts to streamline processes, enhance support mechanisms, and promote awareness will further amplify the scheme's effectiveness in fostering a more inclusive and equitable entrepreneurial ecosystem in India.

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