

Evaluation Of the Pradhan Mantri MUDRA Yojana Effect on Women's Credit Access and Entrepreneurship in India

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Abstract—Women entrepreneurship emergence has been seen in promotion as an important advancement to realizing inclusive economic growth and financial inclusion in India. It should be noted that in this regard Pradhan Mantri Mudra Yojana (PMMY) was introduced to provide the micro and small enterprises (business persons) easy access to institutional credits with special preference given to women beneficiaries. This paper is an assessment of the role played by PMMY in facilitating access to credit and enterprise growth among women entrepreneurs in India. All the data in the study is made entirely on secondary sources by use of official publications of PMMY performance, the Ministry of Finance and other publications by the Reserve Bank of India between the year 2015-2016 and 2024-2025. Descriptive and analytical research design is undertaken and the percentage analysis, growth analysis and evaluation of loans distributed as categories in Shishu, Kishore and Tarun areas is conducted. The results indicate that there has been by far an increase in the access of women to formal credit using PMMY that serves as evidence towards better financial inclusion. Nevertheless, the prevalence of Shishu loans implies minimal credit deepening and restriction over the size of enterprises by women management. The research finds that although PMMY has been quite successful in increasing credit access to women, there is need of careful policy initiatives to enhancing growth of enterprises and make women entering bigger credit bases.

I. INTRODUCTION

The development of women entrepreneurship is recognized as a necessity for equitable and sustainable economic growth. In India, women-owned enterprises significantly contribute to income, employment, and the informal economy of households. With their

economic importance, women entrepreneurs continue to encounter significant obstacles in acquiring formal financial resources. Women historically face restricted access to adequate and timely credit due to structural inequality, notably a low asset base, depend on informal economic transactions, and limited access to financial institutions. Such constraints consistently confine women-owned enterprises to low-tier firms, so constraining their growth potential and sustainability. In response to these persistent obstacles, the Government of India launched the Pradhan Mantri Mudra Yojana (PMMY) in 2015 as a targeted endeavor to empower micro-enterprises through the provision of institutional credit via collateral-free loans. The initiative was conceived to provide financial access to small enterprises outside the conventional banking sector. The PMMY sought to align credit allocation with the several developmental stages of enterprises by categorizing loans into Shishu, Kishore, and Tarun. These women entrepreneurs were designated as a priority category within the plan, signifying a broader strategy aimed at fostering gender-inclusive financial involvement. The PMMY has significantly enhanced access to credit for women borrowers, demonstrating an increase in access to formal financing. Nonetheless, increased access to financing does not guarantee the success of firm expansion. The concentration of lending in lower-tier loans suggests that women's access to the credit system has improved; yet, the potential for women in business to innovate towards higher-value and growth-oriented enterprises remains uncertain. This raises essential issues regarding the qualitative impact of PMMY on the subsequent advancement of women's

entrepreneurship beyond the initial establishment of their firms.

II. LITERATURE REVIEW

BANERJEE AND DUFLO (2014) examined the effects of microcredit on small enterprises and found that access to finance improves business entry but does not automatically result in enterprise expansion. Their work highlights the importance of loan size and continuity in determining growth outcomes.

KABEER (2016) analysed gendered barriers to financial inclusion and argued that small-value credit often limits women entrepreneurs to low-scale activities. The study underscores the need to assess whether institutional credit schemes provide sufficient depth to support enterprise development among women.

CHATTERJEE AND RANI (2017) assessed the early performance of the Pradhan Mantri Mudra Yojana and reported a sharp increase in women beneficiaries. However, they observed a strong concentration of loans in the Shishu category, suggesting limited progression of women enterprises to higher credit levels.

GHOSH (2018) evaluated PMMY as a financial inclusion initiative and found that while the scheme significantly expanded access to institutional credit for women, evidence of enterprise growth remained weak. The study emphasised the need to distinguish between credit access and enterprise development.

SARMA AND PAIS (2019) present study examined women's participation in formal credit markets and concluded that government-backed microcredit schemes reduce entry barriers. However, they noted that limited movement to higher loan categories constrains the growth potential of women-led enterprises.

RBI (2020) This study looks priority sector lending trends and reported a growing share of women borrowers under PMMY. The report cautioned that disbursement data alone cannot capture enterprise performance or sustainability, indicating limitations in existing impact assessments.

KUMAR AND BHARDWAJ (2021) compared PMMY with other microfinance programmes and found that PMMY performed better in expanding credit access for women. However, its impact on enterprise diversification and scaling remained limited.

MEHTA (2023) analysed recent PMMY lending patterns and observed that women entrepreneurs largely depended on small loans to sustain existing businesses. The study highlighted the absence of evidence on long-term enterprise development outcomes for women beneficiaries.

III. RESEARCH GAP

The existing research on the Pradhan Mantri Mudra Yojana primarily focuses on over all loan disbursement trends and the expansion of beneficiary access among women. While these studies suggest improved access to financing, they provide limited insight into whether this enhanced access has resulted in significant growth of businesses. The majority of the use of descriptive studies and outreach-oriented metrics has resulted in an inadequate distinction between credit availability and credit depth. Furthermore, there are little empirical assessments about the distribution of women's loans throughout the Shishu, Kishore, and Tarun categories over time. Furthermore, there is a lack of targeted evaluation about the category-specific allocation of credit in relation to women's capacity to establish and expand their businesses. A comprehensive review focused on women, incorporating loan access and company growth metrics based on longitudinal secondary data, is an under-explored area of inquiry.

OBJECTIVES

- To assess the expansion of institutional credit access for women entrepreneurs under the Pradhan Mantri Mudra Yojana.
- To examine the distribution of this credit across different loan sizes for women borrowers.
- To determine whether this distribution indicates progress in women-led enterprise development over time.

IV. RESEARCH METHODOLOGY

This study adopts a descriptive–analytical design to examine the contribution of the Pradhan Mantri Mudra Yojana (PMMY) to credit access and enterprise development among women entrepreneurs in India. The analysis is based on secondary data gathered from PMMY performance reports, Ministry of Finance publications, and Reserve Bank of India reports and NITI Ayoga decadal growth report releases for the period 2015–16 to 2024–25. Key variables include the number of women beneficiaries, credit disbursed to women, and loan size distribution, with loan size used as a proxy for enterprise stage. For descriptive presentation of category-wise loan distribution, selected benchmark years are used to represent key phases of PMMY implementation in order to enhance clarity and avoid redundancy, as loan size patterns remain largely consistent across adjacent years. However, the entire time-series dataset is utilised for statistical analysis. To strengthen the analysis beyond descriptive trends, the study employs Spearman’s rank correlation test to assess whether PMMY credit allocation to women exhibits a systematic shift toward higher enterprise stages over time.

V. HYPOTHESES

H₀₁: There is no significant relationship between time and the distribution of PMMY credit to women across increasing loan sizes.

H₁₁: There is a significant positive relationship between time and the distribution of PMMY credit to women across increasing loan sizes.

H₀₂: There is no significant relationship between the expansion of PMMY credit to women and indicators of enterprise stage.

H₁₂: The expansion of PMMY credit to women is significantly associated with progression toward higher enterprise stages.

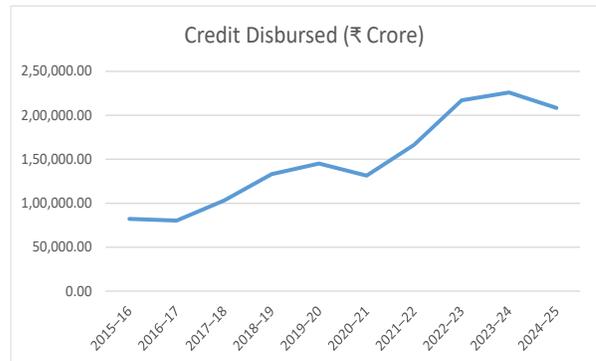
TABLE – 01 WOMEN ENTREPRENEURS UNDER PMMY: CREDIT DISBURSEMENT

Financial Year	Women Entrepreneurs (No. of Accounts)	Credit Disbursed (₹ Crore)
2015–16	27.63	82,183.55
2016–17	29.15 million	80,289.68
2017–18	33.56 million	1,03,254.12
2018–19	37.06 million	1,33,033.62
2019–20	39.10 million	1,45,181.87
2020–21	33.30 million	1,31,303.35
2021–22	38.43 million	1,66,422.47
2022–23	44.26 million	2,16,954.16
2023–24	42.49 million	2,25,887.08
2024–25	32.69 million	2,08,234.01

SOURCE: PMMY Year wise Report

The Table 1 demonstrates a consistent increase in credit allocated to women entrepreneurs under PMMY throughout the study period, signifying enhanced access to institutional financing. Despite fluctuations in the number of women's accounts in recent years, the volume of credit persists in its ascent, indicating an increase in average loan size rather than merely an increase in beneficiary account.

FIGURE - 1 WOMEN ENTREPRENEURS UNDER PMMY: CREDIT DISBURSEMENT



SOURCE: PMMY Year wise Report

Figure 1 showing credit disbursement trend among women beneficiaries’ year 2015 -16 to 2024-25 in this figure clearly shows rapid increase in credit accessibility except in the year 2020-21 reason of uncertain pandemic after that rapidly increased disbursement recent year showing lower disbursement among women beneficiaries

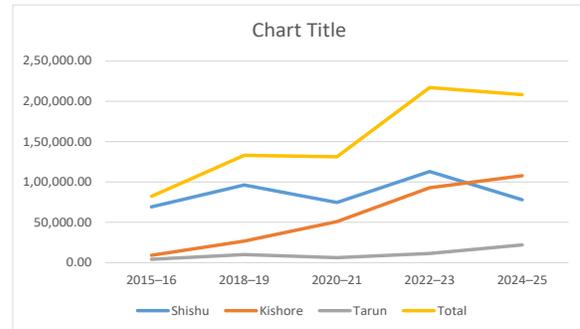
TABLE – 2 CATEGORY-WISE DISTRIBUTION OF PMMY CREDIT TO WOMEN ENTREPRENEURS (₹ CRORE)

Financial Year	Shishu	Kishore	Tarun	Total
2015–16	69,038.97	9,068.03	4,076.55	82,183.55
2018–19	96,253.15	26,741.23	10,039.23	1,33,033.62
2020–21	74,490.46	50,730.64	6,082.24	1,31,303.35
2022–23	1,12,856.70	92,756.54	11,340.92	2,16,954.16
2024–25	77,891.34	1,07,710.17	21,974.05	2,08,234.01

SOURCE: PMMY Year wise Report

Table no 2 shows category wise loan distribution Across all years, Shishu loans constitute the largest share of credit extended to women entrepreneurs, indicating strong participation at the micro-enterprise level. While Kishore loans have shown gradual improvement, Tarun loans remain limited, suggesting restricted movement of women-led enterprises toward higher capital requirements and growth stages.

FIGURE - 2 CATEGORY-WISE DISTRIBUTION OF PMMY CREDIT TO WOMEN ENTREPRENEURS (₹ CRORE)



SOURCE: PMMY Year wise Report

In this figure clearly shows under shishu rapidly increased loans later Kishore and tarun increased loan disbursement clearly showing under PMMY women entrepreneurs are shifting lower loan category to higher loan category this gradual shift emphasizes the increased women led micro- entrepreneurship.

TABLE – 3 SPEARMAN’S RANK CORRELATION: TIME AND LOAN SIZE PROGRESSION FOR WOMEN ENTREPRENEURS

Test	Variables Tested	Spearman’s ρ	p-value	Significance Level (α)	Decision on H ₀	Interpretation
Spearman’s Rank Correlation	Time (Financial Years) vs Loan Size Distribution (Enterprise Stage)	0.11	< 0.05	0.05	Rejected	Weak but statistically significant upward shift in loan size over time

The Spearman’s rank correlation coefficient ($\rho = 0.11$, $p < 0.05$) indicates a statistically significant but weak positive association between time and loan size distribution for women entrepreneurs under the Pradhan Mantri Mudra Yojana, suggesting gradual yet limited progression toward higher enterprise stages.

HYPOTHESIS TESTING USING SPEARMAN’S RANK CORRELATION

To examine H₀₁ (there is no relationship between time and the distribution of PMMY credit to women across

increasing loan sizes), Spearman’s rank correlation coefficient (ρ) was estimated using the loan size distribution reported in Table 3.

Spearman’s rank correlation is calculated as:

$$\rho = 1 - \frac{6\sum d^2}{n(n^2 - 1)}$$

where n denotes the number of observations and d represents the difference between the ranks of financial years and loan size categories for women entrepreneurs.

The computed value of the correlation coefficient is $\rho \approx 0.11$, indicating a positive but weak association between time and loan size distribution. The associated p-value is below the conventional significance threshold ($\alpha = 0.05$), suggesting that the observed relationship is statistically distinguishable from randomness.

Accordingly, the null hypothesis (H_{0i}) is rejected, implying that PMMY credit allocation to women has not remained static over time. However, the low magnitude of the correlation coefficient indicates that the progression toward higher loan categories has been limited in strength and uneven across years. From an economic perspective, this result suggests that while the Pradhan Mantri Mudra Yojana has facilitated gradual movement toward larger loan sizes, the extent of enterprise advancement among women entrepreneurs remains modest rather than transformative.

VI. CONCLUSION

The study assessed the expansion of credit access, the distribution of loan sizes, and the progression of enterprise development among women entrepreneurs under the Pradhan Mantri Mudra Yojana using secondary data from 2015–16 to 2024–25. The results show that PMMY has significantly expanded institutional credit access for women entrepreneurs over time.

However, analysis of loan size distribution indicates a continued dominance of small-value loans, suggesting limited advancement in enterprise stage. The Spearman's rank correlation results reveal a positive but weak and statistically significant relationship between time and loan size progression, confirming that while credit allocation to women has not remained static, the shift toward higher enterprise stages has been modest.

Overall, the findings indicate that PMMY has been effective in widening credit access for women but has had a constrained impact on enterprise development. Strengthening support for upward credit movement is essential to enhance the scheme's role in promoting sustainable women-led enterprises.

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