Inter-State Disparities and Growth Dynamics of PMMY Loan Disbursement: Evidence from South India

Mr. Ediga Rajanna[1], Dr Gangineni Ranganatham[2], Prof. D. Anjaneyulu[3]

[1]*Research Scholar, Department of Commerce, Sri Krishnadevaraya University, Ananthapuramu, A.P. 515003*

[2]*Research Supervisor and Associate Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Kalaburagi*

[3]*Co-Research Supervisor, HOD, Department of Commerce, Sri Krishnadevaraya University, Ananthapuramu. A.P.*

Abstract- Micro, Small and Medium Enterprises (MSMEs) are important to India's economic growth, contributing significantly to employment generation and regional development, yet they face persistent challenges in accessing formal finance. The Pradhan Mantri Mudra Yojana (PMMY), launched in 2015, addresses this gap through its "funding the unfunded" approach. This study evaluates the performance and regional disparities in PMMY loan distribution across South Indian states, including Tamil Nadu, Karnataka, Andhra Pradesh, Kerala, and Telangana, during 2015–16 to 2024–25. Using a descriptive and analytical design, secondary data from MUDRA and RBI reports are analysed across the Shishu, Kishore, Tarun, and Tarun Plus categories. The results show that Tamil Nadu and Karnataka dominate overall disbursements, while Andhra Pradesh and Telangana exhibit faster growth in higher-value loan segments. Despite improved financial inclusion, regional imbalances persist, highlighting the need for targeted policy interventions to ensure equitable credit distribution and inclusive economic development.

Keywords: MSMEs, PMMY, Financial Inclusion, Loan Distribution, Regional Disparities, South India.

I. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are the backbone of the Indian economy, playing a crucial role in fostering inclusive growth, generating employment, and promoting regional development. After agriculture, this sector is the second-largest source of employment, supporting millions of livelihoods in both rural and urban areas. Despite their significance, many MSMEs, especially small and informal units, have historically faced challenges in accessing formal financial services, leaving a large segment of enterprises unfunded or underfunded. Providing adequate funding to these unfunded sections is essential to unlocking their potential, encouraging entrepreneurship, and ensuring balanced economic progress.

The Pradhan Mantri Mudra Yojana (PMMY), introduced on April 8, 2015, was designed to extend collateral-free financial assistance of up to ₹10 lakh to non-corporate and non-agricultural micro and small enterprises. The primary aim of this initiative is to address the issue of credit exclusion by supporting underserved entrepreneurs. By facilitating access to formal financial institutions, the scheme enables business expansion, promotes job creation, and contributes to broader economic development and self-sufficiency.

II. OVERVIEW OF PMMY

The Pradhan Mantri Mudra Yojana (PMMY), launched on April 8, 2015, is a flagship initiative of the Government of India aimed at promoting financial inclusion by providing collateral-free credit to non-corporate, non-farm small and micro enterprises within the MSME sector. The scheme is built on the principle of "funding the unfunded," enabling small entrepreneurs to access formal institutional finance through an extensive network of Commercial Banks, Regional Rural Banks (RRBs), Small Finance Banks (SFBs), Microfinance Institutions (MFIs), and Non-Banking Financial Companies (NBFCs). By reducing reliance on informal lending channels, PMMY strengthens the formal credit ecosystem and supports sustainable enterprise development.

To address the diverse needs of businesses at different growth stages, PMMY offers four structured loan categories: Shishu (up to ₹50,000), Kishore (₹50,001 to ₹5,00,000), Tarun (₹5,00,001 to ₹10,00,000), and the recently introduced Tarun Plus (₹10,00,001 to ₹20,00,000) in the Union Budget 2024–25. These categories create a clear pathway for enterprise expansion. Additionally, MUDRA Cards, issued as RuPay debit cards, facilitate efficient working capital management. The scheme is further supported by credit guarantee mechanisms, financial literacy initiatives, and robust monitoring systems to ensure responsible lending. By targeting underserved groups, including women and marginalised communities, PMMY significantly contributes to inclusive growth, employment generation, and grassroots economic empowerment.

III. REVIEW OF LITERATURE

Susmitha et al. (2025): Reported ₹18.39 lakh crore sanctioned to 34.93 crore borrowers; identified disparities across gender, caste, and regions; suggested strengthening inclusion measures. Koley (2025): Highlighted ₹32.61 lakh crore disbursed across 52 crore accounts; emphasised support to women and SC/ST/OBC groups, with challenges in financial literacy and rural digital access. Kumar & Shobana (2025): Found PMMY improved financial access and economic growth, with strong performance in Tamil Nadu, Odisha, and West Bengal. Saxena & Kapoor (2020): Observed improvements in rural employment, income, and poverty reduction. Kaur (2020): Emphasised PMMY's role in entrepreneurship development, financial inclusion, and MSME support. Shiny (2017): Highlighted PMMY's contribution to employment generation and micro-enterprise development despite structural challenges.

Pandey & Tripathi (2023): Found Mudra NPAs account for 3–4% of total NPAs, with Shishu loans contributing more due to low financial literacy. Shashank & Mayya (2022): Reported dominance of Shishu loans (42–48%); Tamil Nadu leads in sanctions, Bihar in growth; higher NPAs in major banks. Rao & Mukherjee (2020): Identified NBFCs as key credit channels but facing high NPAs; recommended better credit appraisal and institutional support. Jayanthi (2019): Reported strong growth in Tamil Nadu (₹15,496 crore to ₹33,807 crore; CAGR 71.77%); increase in Shishu loans with mixed Kishore trends. Pande & Ramakrishna (2023): Found 19.68% CAGR in Shishu loans, indicating a strong role in self-employment and economic empowerment. Desai & Rao (2020): Highlighted PMMY's role in expanding formal credit but identified policy gaps; recommended continuous monitoring and policy improvements. Singh & Das (2021): Conducted SWOT analysis; identified strengths in inclusion and MSME support, weaknesses in NPAs and low literacy; suggested technology and skill development. Agarwal (2017): Found strengths in financial inclusion and competition; recommended better outreach to vulnerable and unbanked populations. Saha et al. (2025): Emphasised digital lending, e-KYC, and IT governance using the COBIT framework; linked governance with transparency and risk management; noted large-scale outreach to women and disadvantaged groups.

IV. RESEARCH GAPS

Although many studies have examined the Pradhan Mantri Mudra Yojana (PMMY), there is still no clear understanding of how the scheme performs across South Indian states. Most research focuses on overall national data and ignores state-level differences. However, the available data show that states like Tamil Nadu and Karnataka receive higher loan amounts, while others like Andhra Pradesh, Kerala, and Telangana show different growth patterns and category-wise distribution. The reasons for these differences are not clearly explained in earlier studies. There is also a lack of clarity on whether higher loan disbursement actually leads to equal economic development in all states. This creates a gap in understanding the real impact of PMMY at the regional level. Therefore, this study focuses on analysing the disparities among South Indian states to provide a clearer picture of how loans are distributed, how states are performing, and whether the scheme is achieving balanced and inclusive growth.

V. RESEARCH METHODOLOGY

5.1. Research Design and Tools

The study uses a descriptive and analytical research design to examine PMMY performance and regional disparities in South Indian states during 2015–16 to

2024–25. It is based on secondary data collected from MUDRA reports, RBI publications, and related sources. Descriptive analysis is used to present trends in loan distribution, while analytical methods are applied to compare state-wise performance. Statistical tools such as CAGR, mean, and percentage analysis are used. Tables and charts help to show growth patterns and differences among states clearly.

CAGR = (Vf / Vi) ^(1/n) – 1, (Vf= Final value, Vi= Initial Value, n= No. of years)

Mean = ΣX / N (ΣX= Sum of observations, N= No. of years)

5.2. Scope of the study

The scope of this study goes beyond basic data analysis by clearly examining the differences in PMMY performance across South Indian states. It examines loan distribution across Shishu, Kishore, Tarun, and Tarun Plus from 2015–16 to 2024–25 and identifies how credit is allocated across states. The study also looks at whether higher loan amounts lead to equal development or create imbalance. It helps understand how states are moving from small loans to higher-level business funding. By comparing state performance, the study highlights strong and weak regions and gives useful ideas for policy improvement. Even though it uses only secondary data, it provides a clear base for understanding regional disparities and inclusive growth.

5.3. Objectives of the study

1. To study the trends in PMMY loans disbursements in South Indian states over time.
2. To understand and analyse the Shishu, Kishore, Tarun, and Tarun Plus categories.
3. To compare the different categories under the PMMY Scheme.
4. To analyse the performance of the PMMY Scheme in South Indian states.
5. To evaluate the role of PMMY in assisting the growth of small businesses and enhancing financial inclusion in South Indian states.

5.4. Limitations of the study

The present study has certain limitations that need to be considered while interpreting the results. Firstly, the study is completely based on secondary data collected from reports and official sources, which may limit the depth of analysis and accuracy. Secondly, the study focuses only on South Indian states, so the findings cannot be generalised to the entire country. Thirdly, the analysis mainly considers quantitative data such as loan disbursement and growth rates, and does not include qualitative factors like borrower satisfaction, business success, or ground-level challenges. In addition, the study does not examine the impact of external factors such as economic conditions, policy changes, or pandemic effects in detail. The recently introduced Tarun Plus scheme is also analysed over a limited period, which may not fully reflect its impact. Therefore, the results should be understood within these limitations.

5.5. PMMY performance analysis of South Indian States

The PMMY performance of South Indian states exhibits significant differences across all loan categories—Shishu, Kishore, Tarun, and Tarun Plus—during the period from 2015–16 to 2024–25, reflecting variations in credit demand, economic conditions, levels of financial inclusion, and the effectiveness of policy implementation and institutional support across different states.

Table -1: Performance of PMMY - SHISHU loan in South Indian States

(Rs. In Crore)

	State	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total	CAGR	Mean
1	Tamil Nadu	8231.68 (39.92)	10897.54 (48.05)	13237.23 (44.92)	18597.62 (38.21)	21205.44 (46.19)	13455.17 (46.78)	16613.04 (50.36)	13769.27 (41.16)	15245.47 (39.70)	7711.3 (29.04)	138963.76 (42.43)	-0.00651	13896.38
2	Karnataka	9071.71 (44.00)	8166.92 (36.01)	10351.83 (35.13)	13428.73 (27.59)	14017.62 (30.53)	9998.03 (34.76)	9676.81 (29.34)	12692.75 (37.94)	14781.01 (38.49)	9520.59 (35.85)	111706 (34.11)	0.00484	11170.60
3	Andhra Pradesh	1312.12 (6.36)	964.68 (4.25)	1187.66 (4.03)	983.13 (2.02)	1377.77 (3.00)	1423.98 (4.95)	1595.71 (4.84)	2121.55 (6.34)	2536.92 (6.61)	2419.98 (9.11)	15923.5 (4.86)	0.06312	1592.35
4	Kerala	1414.08 (6.86)	1782.74 (7.86)	3167.46 (10.75)	13428.73 (27.59)	5600.77 (12.20)	3189.14 (11.09)	4148.07 (12.58)	3595.96 (10.75)	3895.83 (10.15)	4461.07 (16.80)	44683.85 (13.64)	0.12175	4468.39
5	Telangana	588.37 (2.85)	867.42 (3.82)	1523.82 (5.17)	2231.33 (4.58)	3707.55 (8.08)	696.04 (2.42)	953 (2.89)	1270.96 (3.80)	1940.02 (5.05)	2444.56 (9.20)	16223.07 (4.95)	0.15307	1622.31
	Total	20617.96 (100.00)	22679.3 (100.00)	29468 (100.00)	48669.54 (100.00)	45909.15 (100.00)	28762.36 (100.00)	32986.63 (100.00)	33450.49 (100.00)	38399.25 (100.00)	26557.5 (100.00)	327500.18 (100.00)	0.02564	32750.02

Source:https://www.mudra.org.in

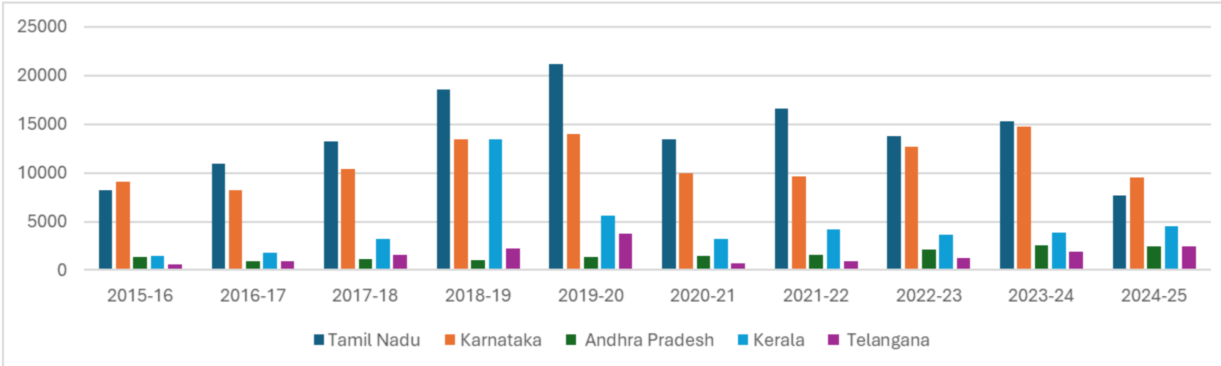

Figure 1: Performance of PMMY SHISHU loan during 2015-16 to 2024-25

Table 1 presents the PMMY Shishu loan disbursement across South Indian states over ten years (2015–16 to 2024–25). Tamil Nadu records the highest cumulative disbursement (₹138,963.76 crore) along with the largest mean value, indicating a well-established microfinance system and strong credit demand. However, its slightly negative CAGR (-0.00651) suggests signs of market saturation or a slowdown in recent years. Karnataka ranks as the second-largest contributor, demonstrating consistent performance with a marginal positive CAGR (0.00484), reflecting stability but limited expansion.

In contrast, Kerala and Telangana exhibit relatively high growth rates, with CAGRs of 0.12175 and 0.15307, respectively, indicating increasing penetration of microcredit despite fluctuations in annual disbursements. Andhra Pradesh shows moderate and stable growth (CAGR 0.06312), reflecting gradual progress in financial inclusion. The overall regional CAGR of 0.02564 indicates slow but positive expansion. These trends suggest a shift wherein traditionally dominant states are stabilising, while relatively smaller states are experiencing faster growth, contributing to a more balanced pattern of financial inclusion across South India.

Table -2: Performance of PMMY - KISHORE loan

(Rs. In Crore)

Sr No	State	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total	CAGR	Mean
1	Tamil Nadu	4282.07 (26.13)	4258.53 (24.15)	7176.1 (26.04)	8710.56 (23.23)	7771.78 (26.53)	9789.17 (27.50)	10467.36 (30.35)	22562.67 (37.79)	32192.01 (40.33)	27402.52 (35.11)	134612.77 (32.36)	0.20396	13461.28
2	Karnataka	4744.94 (28.95)	5402.85 (30.64)	7177.23 (26.04)	9764.81 (26.04)	9850.88 (33.63)	12878.14 (36.18)	12768.9 (37.03)	19285.78 (32.30)	25094.18 (31.44)	26821.27 (34.37)	133788.98 (32.16)	0.18912	13378.90
3	Andhra Pradesh	3151.6 (19.23)	3314.29 (18.79)	6566.76 (23.83)	6283.82 (16.76)	4333.55 (14.79)	4983.51 (14.00)	4728.07 (13.71)	6838.26 (11.45)	8941.14 (11.20)	9243.53 (11.84)	58384.53 (14.03)	0.11360	5838.45
4	Kerala	2194.29 (13.39)	3007.96 (17.06)	3971.94 (14.41)	9764.81 (26.04)	4640.97 (15.84)	4933.52 (13.86)	4084.73 (11.85)	7851.14 (13.15)	9328.49 (11.69)	9190.83 (11.78)	58968.68 (14.17)	0.15400	5896.87
5	Telangana	2014.98 (12.30)	1651.17 (9.36)	2668.37 (9.68)	2969.32 (7.92)	2693.94 (9.20)	3010.97 (8.46)	2435.63 (7.06)	3169.7 (5.31)	4266.63 (5.35)	5382.53 (6.90)	30263.24 (7.27)	0.10324	3026.32
	Total	16387.88 (100.00)	17634.8 (100.00)	27560.4 (100.00)	37493.32 (100.00)	29291.12 (100.00)	35595.31 (100.00)	34484.69 (100.00)	59707.55 (100.00)	79822.45 (100.00)	78040.68 (100.00)	416018.2 (100.00)	0.16891 (100.00)	41601.82 (100.00)

Source: https://www.mudra.org.in

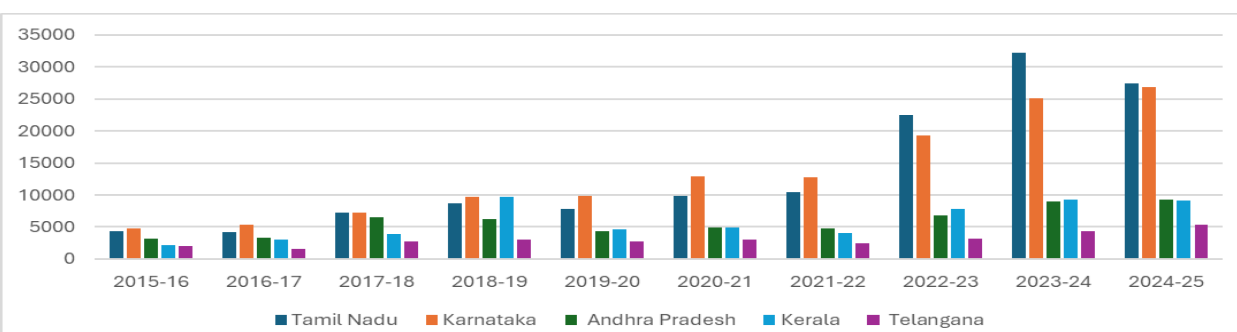

Figure 2: Performance of PMMY KISHORE loan during 2015-16 to 2024-25

Table 2 clearly shows that, for the PMMY Kishore loan category, from 2015-16 to 2024-25, South India has a significant increase in amount in business funding, with total Kishore loan disbursements reaching Rs. 4,16,018.20 crore. This reflects a strong regional growth rate of 16.89%, proving that more small businesses are successfully moving beyond basic survival and accessing the capital they need to expand. Tamil Nadu and Karnataka are the clear powerhouses in this landscape. Tamil Nadu leads with over Rs. 1.34 lakh crore and a rapid growth rate of 20.40%, while Karnataka follows closely with nearly Rs. 1.33 lakh crore and a steady growth rate of 18.91%, indicating a highly reliable support system for local entrepreneurs.

The states of Kerala, Andhra Pradesh, and Telangana show more gradual but positive progress in financial inclusion. Kerala and Andhra Pradesh have similar disbursement totals of nearly Rs. 58,000 crore each, though Kerala is a highest growth rate of 15.40% suggest a more aggressive rise in loan demand despite some yearly fluctuations. Telangana has the smallest share at Rs. 30263.24 crore, but its 10.32% growth rate confirms a steady upward trend. Collectively, these figures highlight a maturing economy where businesses are becoming more formal and sustainable, strengthening the entire region's financial health.

Table -3: Performance of PMMY - TARUN loan

(Rs. In Crore)

Sr No	State	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total	CAGR	Mean
1	Tamil Nadu	2983.11 (32.52)	2600.32 (25.04)	4567.59 (27.88)	6499.7 (26.35)	5637.89 (26.70)	5290.21 (22.48)	5182.54 (23.37)	7398.44 (24.17)	9932.92 (26.87)	11363.61 (26.53)	61456.33 (25.84)	0.14310	6145.63
2	Karnataka	2652.78 (28.92)	3720.93 (35.83)	4971.61 (30.35)	6151.9 (24.94)	5834.4 (27.63)	6909.13 (29.36)	5929.2 (26.74)	8767.55 (28.65)	9635.32 (26.06)	12858.32 (30.01)	67431.14 (28.35)	0.17098	6743.11
3	Andhra Pradesh	1327.07 (14.47)	1452.82 (13.09)	2459.67 (15.02)	3402.31 (13.79)	4379.39 (20.74)	5157.18 (21.92)	5121.64 (23.10)	7252.49 (23.70)	8094.98 (21.90)	7612.7 (17.77)	46260.25 (19.25)	0.19087	4626.03
4	Kerala	1119.01 (12.20)	1349.75 (13.00)	2143.16 (13.08)	6151.9 (24.94)	2679.4 (12.69)	3115.9 (13.24)	3316.78 (14.96)	3632.12 (11.87)	4790.77 (12.96)	5813.03 (13.57)	34111.82 (14.34)	0.17912	3411.18
5	Telangana	1090.99 (11.89)	1261.9 (12.15)	2238.61 (13.67)	2460.24 (9.97)	2585.34 (12.24)	3058.02 (13.00)	2621.84 (11.83)	3554.64 (11.61)	4515.42 (12.21)	5193.18 (12.12)	28580.18 (12.02)	0.16886	2858.02
	Total	9172.96 (100.00)	10385.72 (100.00)	16380.64 (100.00)	24666.05 (100.00)	21116.42 (100.00)	23530.44 (100.00)	22172 (100.00)	30605.24 (100.00)	36969.41 (100.00)	42840.84 (100.00)	237839.72 (100.00)	0.16663	23783.97

Source: https://www.mudra.org.in

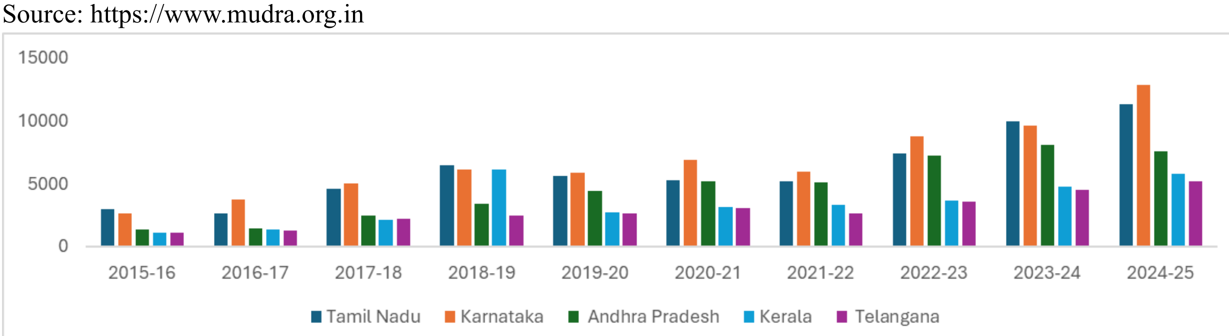

Figure -3: Performance of PMMY - TARUN loan from 2015-16 to 2024-25

Table-3 The PMMY Tarun category loan disbursement across South Indian states from 2015–16 to 2024–25 shows a strong upward trend with notable inter-state variations. Tamil Nadu and Karnataka emerge as dominant contributors, with cumulative disbursements of ₹61,456.33 crore and ₹67,431.14 crore, respectively. Karnataka records the highest mean disbursement (₹6,743.11 crore) and a robust CAGR of 17.09%, indicating consistent expansion. Tamil Nadu, although slightly lower in CAGR (14.31%), demonstrates stable growth, especially peaking at ₹11,363.61 crore in 2024–25. Andhra Pradesh shows impressive growth momentum with the highest CAGR of 19.08%, rising from ₹1,327.07 crore to ₹7,612.7 crore, reflecting increasing credit penetration. Kerala and Telangana exhibit moderate performance, with total disbursements of ₹34,111.82 crore and ₹28,580.18 crore, respectively, and CAGRs of 17.91% and 16.89%. The overall regional disbursement increased significantly from ₹9,172.96 crore in 2015–16 to ₹42,840.84 crore in 2024–25, indicating a nearly fivefold rise. This trend highlights the expanding role of PMMY Tarun loans in supporting MSME growth, though disparities suggest the need for balanced regional credit distribution.

Table-4: Performance of PMMY - TARUN Plus loan

(Rs. In Crore)

Sr No	State	2024-25
1	Tamil Nadu	188.84 (7.17)
2	Karnataka	119.38 (4.53)
3	Andhra Pradesh	1240.98 (47.13)
4	Kerala	196.83 (7.47)
5	Telangana	887.17 (33.69)
	Total	2633.2 (100.00)

Source: https://www.mudra.org.in

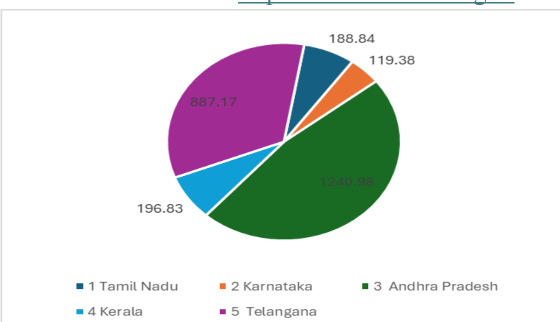

Figure -4: Performance of PMMY - TARUN plus loan in 2024-25

Table-4: The PMMY TARUN Plus scheme in South Indian states during 2024–25 allocated a total of ₹2633.2 crore among five states. Andhra Pradesh received the highest amount, ₹1240.98 crore, accounting for 47.13% of the total, showing it benefited most from the scheme. Telangana was the second-largest recipient with ₹887.17 crore (33.69%), indicating strong utilisation. Tamil Nadu got ₹188.84 crore (7.17%) and Kerala ₹196.83 crore (7.47%), reflecting limited uptake in both states. Karnataka received the least, ₹119.38 crore (4.53%), suggesting low participation and a need for better promotion. Overall, the data shows Andhra Pradesh and Telangana are the top performers, while Karnataka requires more scheme awareness to improve its performance.

Table-5: Performance of All PMMY Category Loans

(Rs. In Crore)

Sr No	State	Shishu	Kishore	Tarun	Tarun plus	TOTAL
1	Tamil Nadu	138963.76 (42.43)	134612.77 (32.36)	61456.33 (25.84)	188.84 (7.17)	335221.7 (34.07)
2	Karnataka	111706 (34.11)	133788.98 (32.16)	67431.14 (28.35)	119.38 (4.53)	313045.5 (31.81)
3	Andhra Pradesh	15923.5 (4.86)	58384.53 (14.03)	46260.25 (19.45)	1240.98 (47.13)	121809.26 (12.38)
4	Kerala	44683.85 (13.64)	58968.68 (14.17)	34111.82 (14.34)	196.83 (7.47)	137961.18 (14.02)
5	Telangana	16223.07 (4.95)	30263.24 (7.27)	28580.18 (12.02)	887.17 (33.69)	75953.66 (7.72)
	Total	327500.18 (100.00)	416018.2 (100.00)	237839.72 (100.00)	2633.2 (100.00)	983991.3 (100.00)

Source: https://www.mudra.org.in

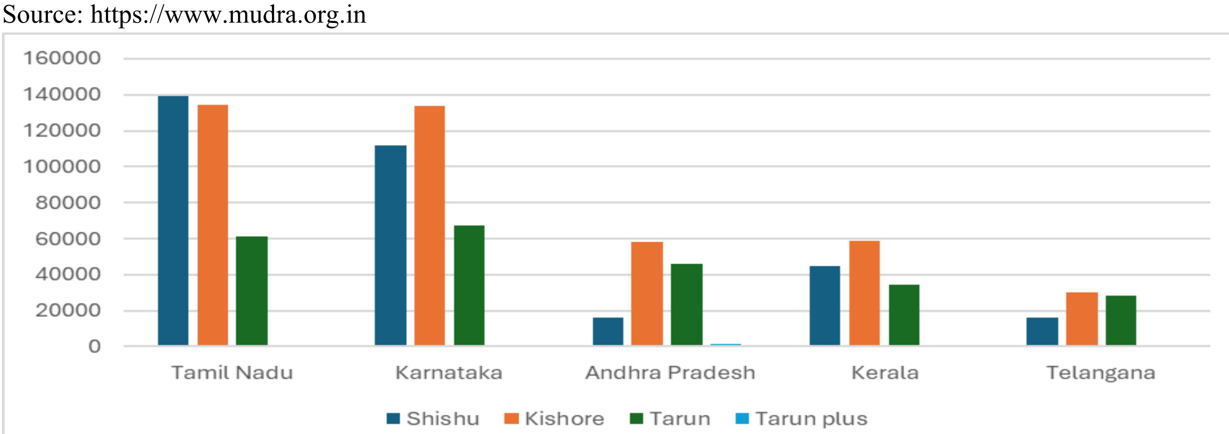

Figure -5: Performance of PMMY TARUN loan during 2015-16 to 2024-25

Table-5: The category-wise analysis of PMMY loans across South Indian states highlights significant structural differences in credit distribution and financial inclusion patterns. The total disbursement stands at ₹9,83,991.3 crore, with the Kishore category leading at ₹4,16,018.2 crore, followed by Shishu (₹3,27,500.18 crore) and Tarun (₹2,37,839.72 crore), while Tarun Plus remains minimal at ₹2,633.2 crore. Tamil Nadu emerges as the top performer with a total of ₹3,35,221.7 crore (34.07%), driven largely by Shishu (₹1,38,963.76 crore) and Kishore (₹1,34,612.77 crore) segments. Karnataka closely follows with ₹3,13,045.5 crore (31.81%), showing balanced growth across all categories, particularly Tarun (₹67,431.14 crore).

Kerala maintains moderate but consistent contributions across all segments, totalling ₹1,37,961.18 crore (14.02%). Andhra Pradesh presents a contrasting trend, with a relatively low share in Shishu (4.86%) but a strong presence in Tarun Plus (47.13%), amounting to ₹1,240.98 crore, indicating a shift toward higher-value loans. Telangana shows a similar pattern with 33.69% share in Tarun Plus. Overall, while southern states demonstrate strong credit expansion, the dominance of Tamil Nadu and Karnataka and the skewed distribution in advanced loan categories suggest regional imbalances, emphasising the need for targeted policy interventions to ensure equitable credit access.

VI. FINDINGS AND DISCUSSIONS

The study of PMMY loan distribution in South Indian states from 2015-16 to 2024-2025 shows a total loan disbursement of about ₹9,83,991.3 crore, which reflects strong progress in financial inclusion. Tamil Nadu and Karnataka are the leading states, contributing more than 65% of the total loans in the region. The Kishore category has the highest share, which means many small businesses are growing and moving beyond the initial stage. While states like Tamil Nadu show stable growth, Telangana and Kerala are experiencing faster growth in microloans. In the new Tarun Plus category, Andhra Pradesh and Telangana are leading in giving higher-value loans, while Karnataka and Tamil Nadu are slightly behind in this segment. Overall, the results show that the microfinance system is developing well, but there are still differences between states. To ensure balanced growth, future policies should focus on increasing awareness and improving access to credit in weaker regions.

VII. CONCLUSION

In conclusion, the Pradhan Mantri Mudra Yojana (PMMY) has played an important role in improving financial inclusion in South India, with more than ₹9.83 lakh crore distributed over the years. The data shows a positive shift from small loans (Shishu) to medium and larger loans (Kishore and Tarun), indicating that small businesses are growing and expanding. Tamil Nadu and Karnataka continue to dominate in loan distribution, while Telangana and Kerala are emerging as fast-growing states. However, there are still regional differences, especially in the distribution of high-value Tarun Plus loans, where Andhra Pradesh performs better than others. Overall, PMMY has successfully supported small entrepreneurs by providing access to finance. For long-term success, it is necessary to reduce regional gaps and promote equal growth across all states.

VIII. SUGGESTIONS

To improve the performance of PMMY in South India, some important steps can be taken. First, the government should create more awareness about higher loan categories like Tarun Plus, especially in states like Karnataka and Tamil Nadu. Second, there is a need to improve financial literacy and digital knowledge among small business owners so they can use loans effectively and avoid repayment issues. Third, banks and financial institutions should make the loan application process simpler and provide better support to first-time borrowers, especially in rural areas. In addition, special focus should be given to women, SC, and ST entrepreneurs to ensure equal access to credit. Finally, a strong digital monitoring system should be introduced to track how businesses perform after receiving loans. These steps will help reduce regional differences and support the inclusive and sustainable growth of micro-enterprises.

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