

## FOSTERING WOMEN-LED ENTERPRISES: A COMPREHENSIVE STUDY ON THE PMMY SCHEME'S IMPACT ON SOCIO-ECONOMIC GROWTH

**AJAY ADITHYA MANOHARAN**

Teaching cum Research Assistant,

Department of Commerce, School of Social Sciences and Languages,

Vellore Institute of Technology, Vellore - 632014.

Tamil Nadu, India,

**JUANA ADELINE SWETHA**

Research Scholar,

PG & Research Department of Economics,

Holy Cross College (Autonomous) Affiliated to Bharathidasan University,

Tiruchirappalli, Tamil Nadu, India- 620 002

### Abstract

*Pradhan Mantri Mudra Yojana (PMMY) scheme was launched in 2015 as part of the Indian government's initiative to foster economic growth by supporting micro and small enterprises, with a particular emphasis on women entrepreneurs. This study evaluates the scheme's socio-economic impact on women entrepreneurship and examines its role in enhancing women's financial independence and socio-economic mobility. Through a mixed-method approach, combining secondary quantitative data from government and institutional reports and qualitative case studies, the research highlights both the opportunities and challenges that the PMMY scheme presents. Findings reveal that, while the scheme has made significant strides in empowering women through financial inclusion, various challenges such as lack of financial literacy and limited accessibility remain. Policy recommendations include expanding support services for financial literacy and improving regional outreach. This study contributes to the literature on microfinance schemes, gender empowerment, and socio-economic development by offering critical insights into the operational dynamics of PMMY.*

**Keywords:** Women Entrepreneurship, Pradhan Mantri Mudra Yojana (PMMY), Financial Inclusion, Socio-Economic Impact, Economic Empowerment.

### 1. Introduction

Pradhan Mantri Mudra Yojana (PMMY) was launched in 2015 as a flagship initiative aimed at financial inclusion, specifically targeting micro and small enterprises that traditionally struggle with access to formal credit (Choudhury, 2017). Recognizing India's socio-economic landscape—marked by significant gender disparities and the need for financial inclusion—the PMMY scheme seeks to bridge this gap by extending credit lines to women entrepreneurs, thereby fostering socio-economic sustainability and reducing unemployment among women. India's economic landscape has seen a shift with the rise of women entrepreneurs, particularly in the micro and small business sectors; however, access to financial resources remains a substantial barrier to women's participation in entrepreneurship (Patel, 2018). Women entrepreneurs face unique challenges, including limited access to capital, social barriers, and a lack of support networks, which complicate the initiation and sustainability of their businesses

(Mehta & Singh, 2021). PMMY has become an instrumental scheme in empowering women economically and socially by providing accessible financing (Joshi, 2023). Despite its contributions, there remains a gap in empirical studies that assess PMMY's effectiveness, particularly regarding socio-economic outcomes for women entrepreneurs. This study aims to address this gap by analyzing PMMY's impact on empowering women entrepreneurs in India, identifying its achievements and potential areas for improvement. By investigating PMMY's contributions to enhancing socio-economic sustainability, this paper provides a scholarly review of the scheme's effectiveness and broader implications.

## **2. Review of Literature**

### **2.1 Historical Perspective of PMMY**

The PMMY program evolved from previous financial inclusion efforts but brought a sharper focus on small-scale entrepreneurship (Patel, 2018). Unlike other microfinance schemes, PMMY emphasizes expanding the financial ecosystem by granting non-collateral loans to "non-corporate, non-farm small/micro enterprises," classified under Shishu, Kishore, and Tarun categories based on their credit requirements (Rao, 2020). Studies have shown that these tailored loan structures have broadened the scope of accessible credit, particularly benefitting small business ventures owned by women (Sharma, 2020).

### **2.2 Women Entrepreneurship and Socio-Economic Growth**

The economic empowerment of women has far-reaching socio-economic implications. By fostering entrepreneurship, women can contribute to household income, increase household financial resilience, and promote community well-being (Kumar, 2019). Empirical research indicates that women entrepreneurs invest profits back into their families, especially in areas like education and healthcare, fostering broader social development. Women's entrepreneurship has also been linked to higher rates of employment generation, which, in turn, drives regional economic growth (Mehta & Singh, 2021).

### **2.3 PMMY's Impact on Women Entrepreneurs**

Several studies underscore PMMY's significant impact on women's entrepreneurship. Women represent over 70% of the scheme's beneficiaries, reflecting its gender-specific impact (Choudhury, 2017). The scheme's non-collateral feature is a key element that has enabled many women entrepreneurs, who might lack formal ownership of assets, to access funding. Research has noted improvements in women's business ownership rates, income levels, and economic empowerment due to PMMY loans (Raj, 2022).

## **3. Methodology**

This study adopts a mixed-method approach that combines qualitative and quantitative analysis to comprehensively evaluate the socio-economic impacts of the Pradhan Mantri Mudra Yojana (PMMY) on women entrepreneurship in India. The methodology is divided into two main parts: data collection and data analysis. This approach ensures that the research not only captures statistical trends but also delves into the nuanced experiences of women entrepreneurs under the PMMY scheme.

### **3.1 Data Collection**

#### **3.1.1. Secondary Data Sources**

Given the wide availability of secondary data on PMMY, the study utilizes existing literature, official government reports, and reputable journal articles that analyze the scheme's impact on women's economic empowerment. Key sources include, Annual reports from the Ministry of Micro, Small & Medium Enterprises (MSME) and the Ministry of Finance in India, which provide data on the PMMY scheme, including disbursement details, gender-specific statistics, and success metrics. Research articles from academic databases such as Scopus, JSTOR, and Google Scholar, covering topics related to PMMY, microfinance, women entrepreneurship, and socio-economic impacts (Rao, 2020; Joshi, 2023). Reports from institutions such as the Reserve Bank of India (RBI) and the National Bank for Agriculture and Rural Development (NABARD), which provide insights into the financial landscape that PMMY

operates within. Case studies and evaluations conducted by research organizations such as the Indian Council for Research on International Economic Relations (ICRIER) and the Federation of Indian Chambers of Commerce & Industry (FICCI), focusing on the outcomes of microfinance for women entrepreneurs.

### 3.1.2. Sample Selection for Qualitative Analysis

To gain a grounded understanding of the challenges and successes faced by women entrepreneurs under PMMY, the study selects a purposive sample of case studies from regions with high, moderate, and low adoption of PMMY. Selected cases from urban, semi-urban, and rural areas offer a diverse perspective on PMMY's reach and impact. The case study selection focuses on women-led businesses in sectors commonly supported by PMMY, such as retail, food services, and handicrafts (Verma, 2019).

### 3.1.3. Survey and Interview Data

While secondary sources form the bulk of the quantitative analysis, qualitative insights were gathered from existing surveys and interviews conducted by prior studies. For example, interviews conducted by the Indian Statistical Institute (ISI) and other academic researchers have documented women entrepreneurs' perspectives on PMMY's advantages, challenges, and perceived social impact (Pandey, 2022). These interviews enrich the study's findings by providing firsthand accounts from PMMY beneficiaries.

## 3.2 Data Analysis

### 3.2.1. Quantitative Analysis

Descriptive statistical methods are used to analyze secondary quantitative data. Key metrics include:

**Loan Disbursement Trends:** Yearly and regional data on loan disbursements are analyzed to determine how effectively PMMY reaches female entrepreneurs in various geographies.

**Sectoral Distribution:** This examines the types of businesses women entrepreneurs have established with PMMY loans, identifying dominant sectors and any sector-specific challenges (Choudhury, 2017).

**Repayment and Default Rates:** These figures provide insight into the scheme's financial sustainability and identify whether women borrowers face difficulties in repaying loans, which could indicate broader issues in business viability or financial literacy (Desai, 2021).

### 3.2.2 Qualitative Analysis

The qualitative analysis focuses on case studies and thematic analysis of interviews. Thematic coding is used to categorize qualitative data into major themes, including:

**Empowerment and Socio-Economic Mobility:** Statements reflecting perceived changes in autonomy, family support, and income stability as a result of PMMY loans.

**Challenges in Business Management:** Issues faced by women in areas such as bookkeeping, cash flow management, and customer acquisition.

**Policy and Awareness:** Insights into participants' awareness levels of PMMY and other available government support schemes, and suggestions for improving program outreach and support mechanisms (Saxena, 2020).

## 4. Findings and Discussion

### 4.1 PMMY Scheme for Socio-Economic Sustainability :

PMMY has demonstrated a positive correlation with socio-economic sustainability by promoting women-led businesses. By offering three credit categories — Shishu (up to INR 50,000), Kishore (INR 50,001 to 5,00,000), and Tarun (INR 5,00,001 to 10,00,000) — PMMY supports diverse business needs, from small-scale startups to expanding operations (Verma, 2019). Additionally, PMMY has contributed to economic sustainability by reducing poverty through job creation, allowing women to attain financial independence and uplift their families and communities (Desai, 2021).

### 4.2 PMMY Scheme for Achieving Women Entrepreneurship :

Women entrepreneurs have benefited substantially from the scheme's emphasis on non-

collateral lending, which has allowed many to overcome capital barriers (Saxena, 2020). Case studies from various regions in India reveal how PMMY loans have supported the growth of women-led businesses, from tailoring shops to food service ventures. These businesses often reinvest profits locally, enhancing regional economic resilience. PMMY's role in enabling financial independence and entrepreneurship has had a ripple effect on women's social status, empowering them to make autonomous financial decisions and challenge traditional gender roles (Joshi, 2023).

#### 4.3 Challenges and Future Prospects:

Despite its successes, PMMY faces several challenges. Cultural barriers, such as societal resistance to women in leadership roles, hinder the full realization of PMMY's benefits (Pandey, 2022). Additionally, limited financial literacy among women borrowers leads to challenges in business scaling and loan repayment, resulting in relatively high default rates in some cases. The scheme could enhance outcomes by offering complementary training programs in business management, accounting, and digital skills for women (Saha, 2023). Another issue is the limited regional reach of the scheme. PMMY has largely impacted urban and semi-urban areas, while rural women remain underrepresented. This gap necessitates an expansion of outreach programs in rural regions, coupled with awareness campaigns to increase women's understanding of available resources (Choudhury, 2017).

#### 4.4 Awareness and Achievements:

Awareness of PMMY remains a critical factor influencing its impact. While the scheme has garnered substantial visibility in urban centers, knowledge of the program in rural and semi-urban areas is limited (Sharma, 2020). Studies show that lack of awareness has prevented eligible women from accessing loans, especially those in remote areas. Success stories from regions with high awareness, such as Maharashtra and Tamil Nadu, illustrate how comprehensive knowledge about PMMY has translated to higher loan uptake and business success (Joshi, 2023). Enhanced awareness efforts, such as local workshops and partnerships with non-governmental organizations, can broaden PMMY's reach, ensuring that more women can benefit from the scheme.

### 5. Conclusion

Pradhan Mantri Mudra Yojana (PMMY) has proven to be a transformative scheme for women entrepreneurs in India, contributing to both socio-economic sustainability and empowerment. The scheme's structure, emphasizing non-collateral credit, has uniquely positioned it to support women who lack formal financial assets. While PMMY has achieved notable success in urban and semi-urban areas, there is a need for more targeted interventions to support rural women entrepreneurs. Addressing PMMY's challenges through financial literacy programs, expanded outreach, and regional adaptations could further enhance its impact. As India continues its journey toward inclusive economic growth, PMMY remains a critical tool for empowering women entrepreneurs and advancing socio-economic sustainability.

### References

1. Anand, S. (2018). Evaluating Microfinance Success in India: The PMMY Experience. *Microfinance Journal*, 8(3), 76-89.
2. Anandaraman R (2012), *Micro Finance by Banks in India*, Research Explorer, Vol I : Issue. 2 July - December 2012
3. Banerjee, N. (2020). Comparative Analysis of Microfinance Models: India and PMMY Case Study. *International Journal of Policy and Planning*, 4(5), 142-159.
4. Chandra, R. (2019). Role of Financial Literacy in Women Entrepreneurship Development through PMMY. *Journal of Entrepreneurship Education*, 22(6), 101-116.
5. Choudhury, R. (2017). Empowering Women through the Pradhan Mantri Mudra Yojana: An Analysis of Outcomes and Challenges. *International Journal of Social Economics*, 44(2), 233-245.



6. Desai, S. (2021). Financial Inclusion and Socio-Economic Growth: The Role of PMMY in India. *Economic and Political Review*, 58(6), 47-59.
7. Gupta, M. (2021). Socio-Economic Impact of the PMMY Scheme on Rural Women. *International Journal of Development Studies*, 6(4), 59-79.
8. Iyer, S. (2021). Understanding PMMY's Impact on Social Mobility in Urban India. *Journal of Urban Studies*, 13(8), 223-239.
9. Joshi, N. (2023). Impact of PMMY on Women Entrepreneurs in India. *Journal of Development Studies*, 12(5), 132-150.
10. Kamaraj, R. (2015). Commercial Bank's Performance on Pradhan Mantri Jan Dhan Yojana. *International Journal of Scientific Research and Education*, 3(6).
11. Kaur, J. (2020). PMMY's Impact on Low-Income Women Entrepreneurs: A Case Study from Northern India. *Journal of Small Business and Entrepreneurship*, 12(2), 171-191.
12. Kumar, M. (2019). Linking Women Entrepreneurship to Economic Growth: Evidence from Developing Economies. *Journal of Economic Perspectives*, 4(2), 98-112.
13. Mari Selvam P (2013). Progress and Performance of Micro, Small and Medium Enterprises in India. *International Journal of Management and Development Studies*, 2(4), 11-16.
14. Mehta, K., & Singh, R. (2021). Challenges in Women-Led Entrepreneurship and the Impact of Financial Schemes in India. *Journal of Women Studies*, 17(3), 234-256.
15. Mishra, V. (2019). Financial Inclusion Policies and Economic Empowerment: Insights from PMMY. *Journal of Economic Policy Review*, 11(7), 310-328.
16. Nair, M. (2022). Microfinance Programs in India and Women's Economic Empowerment: PMMY's Role in Perspective. *Journal of Microfinance Studies*, 7(3), 134-153.
17. Pandey, A. (2022). Exploring the Barriers to Women Entrepreneurship under the PMMY Scheme. *Journal of Business and Policy Research*, 14(1), 67-82.
18. Paramasivan C & Azhagu Raja R (2014) , Performance of Micro Enterprises In Thiruvavur District, ZENITH *International Journal of Business Economics & Management Research*, Vol.4 (2), February
19. Paramasivan, C. (2011). Financial Inclusion through commercial Banks in India, *Proceedings of Financial Inclusion for Inclusive Development*, 1(2), 39-42.
20. Paramasivan, C. (2013). Conceptual framework of women empowerment through SHG. *SELP Journal of Social Science*, 4(17).
21. Paramasivan, C. (2013). Conceptual framework of women empowerment through SHG. *SELP Journal of Social Science*, 4(17), 28-35.
22. Paramasivan. C (2019), Digitalized Finclusion Through PMJDY In India, *Think India Journal*, Vol-22- Issue-14-December-2019,
23. Patel, R. (2018). A Historical Overview of Financial Inclusion Schemes in India. *Journal of Economic Policy*, 13(4), 123-136.
24. Pillai, T. (2023). Women Entrepreneurs in India: Challenges and Opportunities under PMMY. *International Journal of Business Economics*, 15(9), 78-94.
25. Raj, S. (2022). Women Empowerment through Financial Inclusion: Insights from PMMY. *Journal of Development Policy*, 18(1), 91-110.
26. Rajaram, S. (2016). Micro insurance—a conceptual analysis. *International Journal of Recent Scientific Research*, 7.
27. Rao, D. (2020). Microfinance and Women's Empowerment: A Study on the PMMY Scheme's Impact. *International Journal of Finance and Economics*, 9(4), 323-338.
28. Ravichandran G (2024), Payment banks — A new milestone for banking penetration in India, *International Journal of Financial Engineering*, 2014 Vol. 1 Issue 1 - 2015 Vol. 2 Issue 1

29. Saha, P. (2023). Microfinance, Financial Literacy, and Women Entrepreneurs: Analyzing PMMY's Efficacy in India. *Journal of Business Finance*, 12(7), 425-440.
30. Saxena, A. (2020). Empowering Women Entrepreneurs through PMMY: A Qualitative Assessment. *Journal of Entrepreneurship and Development*, 5(1), 150-170.
31. Sharma, L. (2020). Financial Access and Women Entrepreneurs: Evaluating PMMY's Role in Empowerment. *International Journal of Economic Research*, 15(4), 332-348.
32. Sinha, R. (2019). Financial Inclusion and Rural Women: Understanding the Role of PMMY. *Journal of Rural Economic Studies*, 10(2), 98-115.
33. Srivastava, A. (2021). Evaluating Financial Sustainability in Microfinance: Lessons from PMMY. *Journal of Finance and Economics*, 13(1), 200-218.
34. Subathra S (2016), Institutional Assistance For Women Entrepreneurship In Tamilnadu, *Research Explorer, Vol. IV : Issue.13 ; July - December 2016*
35. Subathra S (2017), Women Empowerment And Entrepreneurship Through TAHDCO In Tiruchirappalli District, *Research Explorer, Vol. V : Issue.14, January - June 2017,pp .67-72*
36. Tiwari, R. (2023). Promoting Entrepreneurship through Government Schemes: A Review of PMMY's Effectiveness. *Journal of Public Policy and Economics*, 17(2), 156-176.
37. Verma, P. (2019). PMMY and Economic Development in India: A Sectoral Analysis. *Journal of Microeconomic Policy*, 15(6), 220-237.