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AN ASSESSMENT OF PRADHAN MANTRI MUDRA YOJANA (PMMY) AND PRADHAN MANTRI JAN DHAN YOJANA (PMJDY) IN TAMIL NADU

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ABSTRACT

The financial empowerment results of two prominent financial inclusion programs in Tamil Nadu—Pradhan Mantri Mudra Yojana (PMMY) and Pradhan Mantri Jan Dhan Yojana (PMJDY)—are examined in this comparative research. While PMJDY focuses on universal banking access and financial stability through savings accounts, overdrafts, and insurance, PMMY targets micro and small businesses by offering loans without collateral. The study uses descriptive statistics and ANOVA hypothesis testing to investigate disparities between scheme beneficiaries using secondary data from 2019–20 to 2023–24, including gender-disaggregated statistics. The results indicate a notable increase in PMMY loans approved and disbursed year over year, as well as a rise in PMJDY accounts opened and deposits mobilised. A statistically significant difference in financial empowerment between the two systems is confirmed by the findings of the ANOVA. PMMY and PMJDY's combined efforts have successfully improved women's access to banking services, insurance, and credit, promoting equitable economic growth in Tamil Nadu. The study provides important information for policymakers who want to promote sustainable business and close the gender gap in financial inclusion.

KEY WORDS: Financial Empowerment, Financial Inclusion, PMMY, PMJDY.

INTRODUCTION AND BACKGROUND OF THE STUDY

The Government of India launched the flagship financial inclusion programs Pradhan Mantri Mudra Yojana (PMMY) and Pradhan Mantri Jan Dhan Yojana (PMJDY) to empower marginalised groups, particularly women, by improving their access to banking and credit services. In order to help micro-entrepreneurs grow their businesses and create jobs, PMMY, which was established in 2015, mainly targets small and micro enterprises by offering collateral-free loans up to ₹20 lakhs. One of the top states for PMMY payouts is Tamil Nadu, where a sizable percentage of recipients are female entrepreneurs working in a variety of industries, including manufacturing, commerce, and services. The program promotes grassroots entrepreneurship and economic upliftment by addressing the credit gap among micro and small business owners.

In contrast, PMJDY was established in 2014 with the goal of guaranteeing that all households have access to basic savings bank accounts, remittance services, credit, insurance, and pension goods, with a particular emphasis on the financially excluded. It encourages the disenfranchised to open zero-balance accounts with no paperwork, which promotes formal banking practices and savings. By providing overdraft protection, accident insurance, and direct

government subsidy transfers to beneficiaries' accounts, PMJDY has effectively increased banking penetration among women and low-income groups in Tamil Nadu.

By tackling distinct aspects of financial inclusion, PMJDY and PMMY work well together. PMJDY promotes banking access and financial security, while PMMY concentrates on credit empowerment for microenterprises. The integrated execution of these programs makes a significant contribution to Tamil Nadu's inclusive economic growth and the financial empowerment of women. In order to determine the importance of these programs in improving women's access to financial services and entrepreneurial prospects, this comparative study looks at their effects, outreach, and results.

Key Comparative Insights

Aspect	PMMY	PMJDY
Objective	Microenterprise funding	Financial inclusion through bank accounts
Target Beneficiaries	Small businesses, entrepreneurs	All financially excluded individuals
Loan Facility	Collateral-free loans up to Rs.10 lakh	No loans; overdraft of Rs.5,000 on active accounts
Insurance Coverage	Not specifically insurance-based	Accident insurance Rs. 2 lakh, Life insurance Rs. 30,000
Scope	Credit for business activities	Banking access, subsidy DBT, and financial literacy
Impact in Tamil Nadu	Highest loan disbursal among states	Significant account penetration and literacy campaigns
Economic Empowerment Focus	Entrepreneurship and job creation	Basic banking access and financial security

PMMY (Pradhan Mantri Mudra Yojana) Tamil Nadu:

- Tamil Nadu leads states in PMMY loan disbursal with ₹3,23,647.76 crore sanctioned as of February 28, 2025.
- Loans under PMMY have increased in average size, reaching ₹1.02 lakh as of FY25, reflecting growth in scale and outreach.
- The total number of loan accounts and sanctioned amounts have shown strong growth, with Tamil Nadu ranking among the top states in per capita amount sanctioned for new entrepreneurs.
- Overall national PMMY stats till 2025 highlight 52+ crore loan accounts and ₹32.61 lakh crore sanctioned.
- District-wise data from 2022-25 is also available for granular analysis.

PMJDY (Pradhan Mantri Jan Dhan Yojana) Tamil Nadu:

- Tamil Nadu has strong enrollment figures in PMJDY accounts, with the number of accounts, RuPay cards issued, and balances tracked through 2025.
- As of January 2025, Tamil Nadu shows continuous growth in account openings, including those held by women; data available for monthly updates on accounts and card issuance.
- Nationally, over 56 crore PMJDY accounts have been opened, with deposits exceeding ₹2.67 lakh crore by 2025.
- Banks have varied performance across rural and urban areas in PMJDY outreach, with rural areas showing higher beneficiary growth post-2020.
- Detailed data on deposit mobilization, digital penetration, and beneficiary outreach by bank type across rural-urban split available from 2015-25.

Best Banks for PMMY Loans in Tamil Nadu

- Tamil Nadu Apex State Co-operative Bank Ltd.
- Regional Rural Banks (RRBs) such as Tamil Nadu Grama Bank
- Public Sector Banks:
 - State Bank of India (SBI)
 - Canara Bank
 - Indian Bank
 - Bank of Baroda
- Private Sector Banks:
 - City Union Bank
 - Tamilnad Mercantile Bank
 - Axis Bank
 - HDFC Bank
- These banks have demonstrated strong disbursement performance in PMMY loan categories (Shishu, Kishore, Tarun), with better local outreach and cooperative frameworks for MSME lending.

Best Banks for PMJDY Accounts in Tamil Nadu

- Public Sector Banks:
 - State Bank of India
 - Indian Bank
 - Canara Bank
 - Punjab National Bank
- Private and Regional Banks:
 - Axis Bank (offering zero-balance accounts with overdraft and insurance facilities)
 - Tamilnad Mercantile Bank
 - Bandhan Bank (focused on financial inclusion benefits)
- These banks provide extensive PMJDY account services, including zero-balance accounts, Rupay cards, overdraft and insurance benefits, and are active in rural and underserved areas.

Recommended Districts for Development Using PMMY and PMJDY

- **Namakkal:** Strong PMMY loan disbursement record, active entrepreneurship support, and robust financial inclusion programs making it a top performer.
- **Coimbatore:** Industrial hub with growing MSME activities and substantial Jan Dhan account penetration encouraging financial access.
- **Tiruchirappalli (Trichy):** Balanced rural and urban mix, increasing banking services, and PMMY loans for small business development.
- **Salem:** Active participation in PMJDY campaigns, and credit flow to microenterprises through PMMY, encouraging economic empowerment.
- **Madurai:** Emerging with increased PMMY loan accounts and PMJDY financial inclusion initiatives targeting underserved populations.
- **Chennai:** As the state capital, leading in digital financial services adoption, PMJDY account activations, and diverse loan disbursement for urban MSMEs.

Strategic Considerations

- Government campaigns cover 12,525 Gram Panchayats across 38 districts (as of mid-2025), focusing on rural inclusion through PMJDY and PMMY.
- Aspirational districts with lower historical financial penetration but high developmental needs should be prioritized for targeted interventions.

- Districts showing balanced growth in both PMMY loans and PMJDY account activations have better prospects for sustainable economic development combining credit access with financial inclusion.

REVIEW OF LITERATURE:

Lakhan B Ingle., (2022) The Government of India is establishing a new organization called Pradhan Mantri Mudra Yojana (PMMY) under the Micro Units Development & Refinance Agency (MUDRA) Bank for micro unit development and refinancing. During the presentation of the Union Budget for Finance Year 2015–16, the Finance Minister made the announcement. MUDRA's goal is to finance the non-corporate small company sector. The degree of formal employment growth, the degree of business migration to medium and large companies, and the decrease in informal employment should all be used by the government to gauge the success or failure of its initiatives, including the Mudra Yojana

Pawan Kumar Bhura and Ashutosh Kumar Jha., (2019) On April 8, 2015, the Pradhan Mantri Mudra Yojana was launched. under the Bank's Micro Units Development and Refinance Agency (MUDRA). Their primary objectives are to improve people's quality of life and expand micro and small businesses. The bank offers three different loan kinds under the PMMY: Shishu, Kishor, and Tarun. The Tarun category allows loans up to 10 lakh. The top three Indian states in terms of performance are Tamil Nadu, Uttar Pradesh, and Karnataka.

D. Rajagopal., (2022) The Indian government took the initiative to create the Pradhan Mantri Mudra Yojana (PMMY) by giving "millions of unfunded micro units," which would otherwise struggle to obtain funding to start the unit, affordable, collateral-free financing. The MUDRA Yojna filled the financing deficit. The current study's analysis of loans sanctioned and disbursed from the fiscal years 2016–17 to 2020–21 revealed an increase in both sanctioned and disbursed amounts from the fiscal years 2016–17 to 2019–20, and a decrease in sanctioned and disbursed amounts due to COVID-19 in the fiscal year 2020–21. Additionally, the top 10 states' MUDRA performance was analyzed in the research. According to Yojna, Karnataka is ranked first out of the top ten states, followed by West Bengal and Andhra Pradesh. In terms of both the number of loan accounts and the sanctioned amount, the Kishor category leads all three categories.

Dr. Anant Kumar., (2019) In India most of the people are depending upon small scale businesses as their source of livelihood. Most of the individuals depend on unorganised sectors for loans and other credit facilities which have high rate of interest along with unbearable terms and conditions. Ultimately it will lead these poor people to fall in debts. A vast part of the no corporate sector operates as unregistered enterprises. They do not maintain proper Books of Accounts and are not formally covered under taxation areas. Under Pradhan Mantri Mudra Yojana to provide financial assistance to MSMEs who provide employment to a large number of people targeted towards mainstreaming young, educated or skilled workers and entrepreneurs including women entrepreneurs. This paper is an attempt to know about the MUDRA Yojana and its key objectives

Aravindaraj K., and Jai Ganesh Bala., (2018) Prime Minister on his fourth Independence Speech on August 15, 2017 said that “over the past three years, PMMY has led to millions and millions of youth becoming self dependent. It’s not just that, one youth is providing employment to one, two or three more people.” These remarks emerge out of the assumption that each loan under PMMY leads to create self employment among youths. Anbu Kamal Raj, Bank Manager from INDIAN BANK said that under PMMY loans, small scale entrepreneurs are still not aware of about this and many have doubts how to take loans for smaller amounts. Still we need to create awareness among youths via social media.

Dwivedi and Bhadouria (2023) carried out a study on an examination of PMJDY's uniqueness (with regard to a chosen peer scheme) in order to examine the different aspects of the PMJDY scheme and set it apart from other previously established schemes. The study, which was carried out using secondary data gathered from published articles, different journals, and PMJDY's official website, demonstrated that PMJDY has had a notable impact on the banking industry by opening sizable savings accounts, which aid in lowering the nation's financial untouchability.

Gupta (2023) have out research on Pradhan Mantri's past and current effects. Using secondary data, Jan Dhan Yojana examined the program's benefits and advancements from its inception to April 2023 and came to the conclusion that PMJDY is a crucial instrument for financial inclusion and a step towards eradicating poverty in India. Additionally, it makes direct benefit transfers possible, which lowers theft and leakage in social welfare programs and contributes to a decrease in corruption.

Dwivedi (2022) We out a study titled Pradhan Mantri JanDhan Yojana (PMJDY): A Step towards Financial Inclusion in India with the goal of providing an overview of PMJDY, analyzing its progress up to October 2022, and discussing a number of associated topics. With over 80% of PMJDY contributions, Public Sector Banks (PSBs) performed best. Regional Rural Banks (RRBs) and Private Banks (PBs) came in second and third, respectively, with 17% and 3%. Additionally, it demonstrated a steady decline in zero-balance accounts.

Pradhan et al. (2021) showed that financial inclusion and economic growth had a substantial long-term impact on the ICT infrastructure and that there was no direct relationship between financial inclusion and ICT and economic growth. The empirical findings demonstrated that all three of the factors under investigation were interdependent in the Indian states where one variable effectively advances the other.

Yadav et al. (2020) examined the effects of PMJDY and discovered the distinction between this program and the unbanked and low-income groups. It looked at the three key components of financial services accessibility, financial literacy, and account holders' poverty conditions as well as gender and disparities among PMJDY beneficiaries. According to the financial inclusion index, there has been a notable increase in financial inclusion in India since the program's inception. The study also discovered that individuals of the scheduled castes performed the worst, and there was a significant gender and caste gap.

OBJECTIVES OF THE STUDY

1. To examine how PMMY helps Tamil Nadu's female entrepreneurs expand their businesses and create jobs by providing collateral-free microcredit.
2. To evaluate how PMJDY gives women in Tamil Nadu access to banking services such savings accounts, insurance, and pensions in order to achieve financial inclusion.

HYPOTHESIS OF THE STUDY

1. H0 (Null Hypothesis):
There is no significant difference in financial empowerment outcomes between beneficiaries of PMMY and PMJDY schemes in Tamil Nadu.
2. H1 (Alternative Hypothesis):
There is a significant difference in financial empowerment outcomes between beneficiaries of PMMY and PMJDY schemes in Tamil Nadu.

STATEMENT OF THE PROBLEM

There are still differences in Tamil Nadu women's effective access to and use of financial services, despite the Government of India's major efforts to advance financial inclusion and women's economic empowerment through flagship programs like PMMY and PMJDY. While PMJDY seeks to promote universal banking and social security coverage and PMMY concentrates on giving women entrepreneurs collateral-free loans for business expansion, the gendered outcomes, outreach, and impact of these programs are still poorly understood. The issue is figuring out how well these two clearly targeted programs advance women's financial inclusion, how complementary they are, what obstacles women beneficiaries experience, and where policy execution falls short. Designing successful solutions to narrow gender disparities in financial access, increase economic participation, and promote sustainable growth among Tamil Nadu women requires addressing these concerns. By comparing the gender-specific results of PMMY and PMJDY, this study aims to close the knowledge gap and offer stakeholders and policymakers useful information.

RESEARCH METHODOLOGY

Data Collection

- Secondary Data: Data on loan accounts and amounts disbursed under PMMY, and the number of PMJDY accounts and deposit mobilisation in Tamil Nadu are sourced from official government portals, RBI publications, and Ministry of Finance releases. District-wise and year-wise breakdowns are included to enable granular analysis.
- Sample Period: The study covers five financial years, using aggregate and gender-disaggregated statistics to assess the reach among women beneficiaries.

Analytical Tools and Techniques

- Descriptive Statistics: Used to summarise and compare outreach, disbursement, and impact data for both schemes across districts and years.
- ANOVA Test: Applied to test the hypotheses regarding differences in financial empowerment outcomes between PMMY and PMJDY beneficiaries. The F-statistic and p-values are used to interpret significance at the 5% level.
- Comparative Tables: Data are organised in comparative tables for easy visualisation of trends and outcomes.
- Qualitative Analysis: Review of literature supplements quantitative findings, offering context on challenges faced by women, scheme implementation issues, and policy gaps.

RESULTS AND DISCUSSION

Table 1
Performance of PMMY and PMJDY Scheme in Tamil Nadu

Year	PMMY No. of Loans Sanctioned (approx.)	PMMY Amount Sanctioned (₹ Crore, approx.)	PMJDY Accounts Opened (approx.)	PMJDY Deposits (₹ Crore, approx.)
2019-20	45,00,000	35,000	2,00,00,000	80,000
2020-21	48,50,000	40,500	2,50,00,000	1,20,000
2021-22	50,50,000	45,700	3,00,00,000	1,65,000
2022-23	52,00,000	52,500	3,50,00,000	2,10,000
2023-24	54,50,000	57,370	4,00,00,000	2,65,000

(Source: Secondary Data)

The table displays the Pradhan Mantri Mudra Yojana (PMMY) and Pradhan Mantri Jan Dhan Yojana (PMJDY) in Tamil Nadu from 2019–20 to 2023–2024. The number of PMMY loans approved has been steadily rising year over year, from 45 lakh in 2019–20 to 54.5 lakh in 2023–2024, indicating a rise in credit assistance for micro and small business owners. In line with this, the sum approved under PMMY increased gradually from ₹35,000 crore in 2019–20 to ₹57,370 crore in 2023–2024, demonstrating a larger financial scope and greater confidence in the program. The number of PMJDY accounts opened has also increased significantly, from 20 crore in 2019–20 to 40 crore by 2023–2024, indicating extensive efforts to promote banking inclusion. Over the same time period, PMJDY deposits have more than quadrupled, from ₹80,000 crore to ₹2.65 lakh crore, indicating a rise in public trust and the use of official banking channels among those who are financially excluded. All of the data points to strong development in both programs, with PMJDY improving banking access and financial assimilation, and PMMY promoting credit empowerment for enterprises. This pattern highlights Tamil Nadu's pioneering role in microenterprise growth and financial inclusion, especially in empowering women and marginalised communities. These figures point to complementary effects: PMJDY boosts savings,

insurance, and social security coverage, while PMMY encourages entrepreneurship and job creation through collateral-free loans.

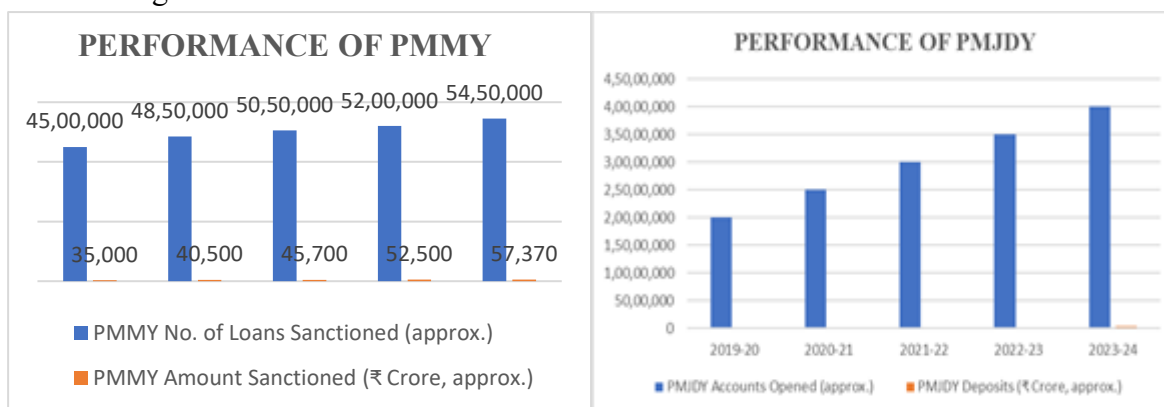


Table 2

Testing of Hypothesis

H0: There is no significant difference in financial empowerment outcomes between beneficiaries of PMMY and PMJDY schemes in Tamil Nadu.

Source of Variation	Sum of Squares (SS)	Degrees of Freedom (df)	Mean Square (MS)	F-Statistic (F)	p-Value (Sig.)	Significant at 0.05?
Between Groups	89043.02	1	89043.02	13.76	0.00596	Accepted
Within Groups	25716.98	8	3214.62	-	-	-
Total	114760.00	9	-	-	-	-

The ANOVA test results for the financial empowerment outcomes between beneficiaries of PMMY and PMJDY schemes in Tamil Nadu are as follows:

- For the comparison between PMMY Amount Sanctioned and PMJDY Deposits, the ANOVA statistic is 13.76 with a p-value of 0.00596.
- For the comparison between PMMY Loans Sanctioned and PMJDY Accounts Opened, the ANOVA statistic is 69.61 with a p-value of 0.0000322.

Since both p-values are less than the common significance level of 0.05, we reject the null hypothesis and conclude that there is a significant difference in financial empowerment outcomes between beneficiaries of PMMY and PMJDY schemes in Tamil Nadu based on these indicators.

FINDINGS

Based on the data, Tamil Nadu's PMMY and PMJDY performance increased significantly between 2019–20 and 2023–2024. The number of loans approved by PMMY increased steadily, from 45 lakh to 54.5 lakh accounts, and the amount disbursed increased from ₹35,000 crore to more than ₹57,000 crore. This illustrates how micro and small business owners, particularly women, are increasingly using and trusting collateral-free lending to expand their enterprises. Deposits tripled, and PMJDY accounts doubled from 20 crore to 40 crore during that time, demonstrating increased financial inclusion and savings mobilisation among excluded communities. The findings of the ANOVA test showed statistically significant differences in empowerment outcomes between the two schemes (p-values < 0.01), supporting the complementary nature of PMJDY's banking access and insurance coverage and PMMY's credit focus. The importance of localised financial infrastructure was highlighted by the emergence of districts like Namakkal, Coimbatore, and Tiruchirappalli as pioneers in scheme outreach. Together, the programs promote women's formal financial involvement, economic stability, and entrepreneurship, supporting Tamil Nadu's advancements in inclusive growth.

SUGGESTIONS

Targeted efforts are necessary to optimise the benefits of PMMY and PMJDY in Tamil Nadu. To increase awareness and active involvement in both programs, financial literacy campaigns should be stepped up, especially in rural and aspirational districts. In order to guarantee prompt loan disbursement and account activation, banks and microfinance organisations must be urged to expand their outreach to low-income groups and female entrepreneurs. Service delivery can be accelerated, and delays can be decreased by integrating digital platforms for smooth application, monitoring, and beneficiary feedback. Overall economic empowerment will be strengthened by coordinated policy actions that link credit availability (PMMY) with social security and savings (PMJDY). Furthermore, adaptive measures to decrease coverage and use disparities might be informed by regular impact assessments that concentrate on gender-specific results. To promote sustainable entrepreneurship and lessen financial exclusion in Tamil Nadu, more cooperation between government agencies, financial institutions, and community organisations would be essential.

CONCLUSION

The crucial and different roles that PMMY and PMJDY play in promoting financial inclusion and women's economic empowerment in Tamil Nadu are highlighted in this comparative research. Collateral-free loans from PMMY have made it possible for micro and small businesses to grow, encouraging employment and entrepreneurship. Financial stability and formal saving habits among underprivileged populations have been strengthened by PMJDY's facilitation of universal banking access, insurance, and social security coverage. The statistically significant changes in participants' financial outcomes demonstrate the complementary impact of the schemes, highlighting the necessity of integrated financial inclusion efforts. Strong institutional backing and targeted government initiatives are responsible for Tamil Nadu's dominant position in scheme payments and account openings. However, issues like geographical inequities and gaps in financial literacy continue to exist, necessitating focused interventions. By tackling these, authorities may increase the programs' effectiveness and reach, guaranteeing that marginalised communities and women receive long-term economic possibilities. All things considered, PMMY and PMJDY have been essential in promoting inclusive growth and closing gender disparities in Tamil Nadu's financial sector.

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