

INCLUSIVE FINANCIAL GROWTH: ASSESSING PMMY'S IMPACT ON SC, ST, AND WOMEN ENTREPRENEURS

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ABSTRACT

This study assesses the impact of the Pradhan Mantri Mudra Yojana (PMMY) on SC, ST, and women entrepreneurs in India during the fiscal years 2022-23 and 2023-24. The PMMY, launched to bridge the funding gap for micro-enterprises, provides loans in three categories: Shishu, Kishore, and Tarun, based on the borrower's business life-cycle stage. The study uses secondary data to analyse the distribution and growth of loans sanctioned under these categories across different demographic groups, focusing on SC, ST, and women beneficiaries.

The data reveals a significant increase in the total amount of loans sanctioned from ₹456,538 crores in 2022-23 to ₹541,012.86 crore in 2023-24. This growth is observed across all loan categories and demographic groups. Notably, the Kishore and Tarun categories experienced substantial growth, reflecting a broad expansion in financial support for medium-sized enterprises. Loans to SC, ST, and women entrepreneurs also increased significantly, indicating a heightened focus on promoting inclusive financial growth and economic empowerment among marginalized groups. The analysis highlights the effectiveness of PMMY in fostering entrepreneurship among these target groups, contributing to their socio-economic development.

Keywords

Financial Inclusion, Women Empowerment, SC/ST Entrepreneurs, Microfinance

I. INTRODUCTION

“To be an integrated financial and support services provider par excellence benchmarked with global best practices and standards for the bottom of the

pyramid universe for their comprehensive economic and social development”.

- Vision of MUDRA

“To create an inclusive, sustainable and value-based entrepreneurial culture, in collaboration with our partner institutions in achieving economic success and financial security”.

- Mission of MUDRA

The Pradhan Mantri Mudra Yojana (PMMY), which is referred to as the Mudra loan scheme in Indian banking circles, is a program that aims to help small businesses grow and empower first-generation entrepreneurs. It also aims to fill the funding gap for micro-enterprises. Under PMMY, prospective Mudra borrowers can be from either the non-corporate small business sector (NCSBS) or the owner-operated enterprise sector (OAE), which encompasses a wide range of businesses in both urban and rural areas. These businesses can be involved in small manufacturing units, service sector enterprises, shop-keeping, fruit and vegetable vending, trucking, operating food services, managing machines, running small industries, food processing, handicraft making (artisans), and more. Beginning with the 2016–17 fiscal year, PMMY is now also applicable to agriculturally related operations.

Income-generating micro-enterprises in the service, retail, and manufacturing sectors could be eligible for MUDRA loans of up to Rs.10 lakhs from PMMY.

There are three distinct types of MUDRA loans, each tailored to a different stage of a company's life cycle. These three groups represent the recipients' requirements for development, growth, and financial support.

- **Shishu:** Loans up to Rs.50,000
- **Kishore:** Loans from Rs.50,001 to Rs.5,00,000 lakhs
- **Tarun:** Loans from Rs.5,00,001 to Rs.10,00,000 lakhs

A MUDRA loan has also been applied for the Rs.5,000 overdraft that was approved under PMJDY. Eligible borrowers can access need-based term loans, overdraft limits, or composite loans through PMMY to finance the acquisition of capital assets, working capital, and marketing-related expenses. A business plan and investment proposal are the foundation for accepting project costs in order to

secure loans. In order to offer Mudra loans, financial institutions such as banks, NBFCs, and MFIs must be periodically enrolled by MUDRA.

Borrowers can access their working capital easily and on an as-needed basis with the MUDRA card, a debit card linked to the RuPay platform that can be used at any POS or ATM. Borrowers can control their own credit by taking out money from ATMs or making payments at point-of-sale terminals as needed, and then paying it back when the money is available. Working capital loans were distributed by numerous partner banks and MFIs through the MUDRA card initiative.

All of PMMY's loan terms—margin, interest rate, security, etc.—are in accordance with RBI regulations. Banks are not allowed to request collateral for loans up to Rs.10 lakh made to units in the micro and small enterprise (MSE) sector, according to RBI regulations published in the "Master Circular on lending to Micro, Small & Medium Enterprises (MSME) Sector" (para 4.2) dated July 01, 2014.

It is the responsibility of the banks to urge their branch-level employees to use the Credit Guarantee Scheme coverage whenever possible. The Credit Guarantee Fund for Micro Units (CGFMU) is a specialised guarantee fund that has just been established and is actively operating in this regard.

II. REVIEW OF LITERATURE

- **Chatterjee and Mukherjee (2021)** conducted a benchmark analysis of MUDRA Yojana's performance. Secondary data were used by the authors for analysis. MUDRA Yojana was analysed from his 2015-16 to his 2019-20. The main purpose of this article is to conduct a comparative analysis of the MUDRA yojana and find out whether this system increases the income of different parts of society. Changes in the number of accounts opened in the female category of PAN, and new female entrepreneurs and minorities It was concluded that he was behind the caste. Shishu Loan is more popular than other loan programs. The author suggested that the Shishu category loan amount was too low and should be increased.
- **Kumar, P., & Publication, A. (2021)** tried to understand the concepts of microfinance, women's entrepreneurship, socio-economic development, and

women's empowerment and analyse the relationship between MUDRA and microfinance. The study concluded that both microfinance and MUDRA Yojana aim to encourage women to become entrepreneurs. The program aimed to overcome all the problems faced by women and small entrepreneurs in India. The author explains that women take loans to realize their dreams and passions, such as starting income-generating activities, and the benefits from these activities are far greater than their income. Microfinance has enabled women to seek financial assistance without having to follow complicated rules and procedures. The researchers also concluded that giving women more credit promotes women's empowerment, which in turn leads to the country's socioeconomic progress.

- **Sahoo (2019)** provided life-changing services to numerous small, micro and medium-sized entrepreneurs in India. The authors used secondary data to analyse the Haryana data. This study used a descriptive and analytical study design for data analysis. According to the research study, her PMMY performance at the district level shows that Biwani, Sirsa, Hisar and Jind districts recorded the highest number of beneficiaries and fines in the shishu category. The areas of Gurugram, Faridabad, Hisar and Karnal score highly in the Kishore and Tarn categories. The study concludes that private banks are issuing more loans in the Shishu category than in the Kishore category in the Tarn category.
- **Ghanti (2021)** studied the efficacy of Pradhan Mantri MUDRA Yojana was conducted in Belagavi city. Primary data is used by researchers for research. The purpose of this study is to clarify the effectiveness of PMMY programs and services and the difficulties faced by business owners in applying for MUDRA loans. According to research, most of the beneficiaries were aware of his MUDRA program. It is estimated that 89.33% of his respondents are satisfied with the MUDRA program. The author suggested improving the level of services provided and reducing the number of client visits to obtain MUDRA loans. This program is beneficial for small businesses to grow in the area.

III. OBJECTIVES OF STUDIES

- To analyse the current status Mudra Yojana Scheme in India
- To analyse and measure the utilization of funds by various categories SC, ST, and Women in terms of loans sanctioned in the country

IV. RESEARCH METHODOLOGY

This study has used secondary data to achieve the objectives. The study used secondary available on www.mudra.org through annual reports, Journals, magazines, newspapers and other websites.

V. DATA ANALYSIS AND INTERPRETATION

Table 1 - Table shows the loan category analysis

CATEGORY	AMOUNT SANCTIONED IN CRORE	
	2022-23	2023-24
SHISHU	142766.1	148937.3
KISHORE	204007.4	262284.89
TARUN	109764.5	129790.67
TOTAL	456538	541012.9

Source: Reseracher's compilation from <http://www.Mudra.org.in/>

The data demonstrates a significant increase in the total amount of loans sanctioned from one fiscal year to the next. Each loan category also experienced growth. Loans for very small businesses (SHISHU) saw a modest rise, while loans for moderately sized businesses (KISHORE) and larger enterprises (TARUN) both grew substantially. This overall rise in sanctioned loans reflects a broad expansion in financial support across different business scales, indicating a heightened focus on fostering business development and economic activity.

TABLE 2: THE TABLE SHOWS THE ASSISTANCE TO DIFFERENT SECTIONS

CATEGORY	AMOUNT SANCTIONED IN CRORE	
	2022-23	2023-24
General	290582.8	348870.95
SC	47752.46	58051.59
ST	17468.7	20189.04
OBC	100734	113901.28
Total	456538	541012.86
Out of the Women	216954.2	225887.08

Source: Reseracher's compilation from <http://www.Mudra.org.in/>

The data reveals a substantial increase in the total loans sanctioned, rising from ₹456,538 crore in 2022-23 to ₹541,012.86 crore in 2023-24. This growth is observed across all key demographic categories, with notable increases for General, SC, ST, and OBC groups, as well as a moderate rise in loans specifically for women. This broad-based expansion reflects a strengthened commitment to supporting diverse social groups and promoting inclusive financial empowerment.

TABLE 3: TABLE SHOWS THE ASSISTANCE TO DIFFERENT SECTION THROUGH SISHU

CATEGORY	AMOUNT SANCTIONED IN CRORE	
	2022-23	2023-24
General	65372.01	71100.46
SC	26279.96	26913.12
ST	8740.21	8327.36
OBC	42373.9	42596.35
Total	142766.1	148937.3

Out of the Women	112856.7	109355.45
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Source: Reseracher's compilation from <http://www.Mudra.org.in/>

The total amount of loans sanctioned increased significantly from 2022-23 to 2023-24, with notable growth across all demographic categories. Loans for the General category saw the largest rise, while those for SC, ST, and OBC categories also grew, reflecting a broader effort to support various social groups. Loans specifically for women also saw an increase, highlighting a continued emphasis on inclusive financial empowerment and broader economic support.

TABLE 4: TABLE SHOWS THE ASSISTANCE TO DIFFERENT SECTION THROUGH KISHORE

CATEGORY	AMOUNT SANCTIONED IN CRORE	
	2022-23	2023-24
General	131476.9	170550.84
SC	18821.87	26043.49
ST	6836.11	9230.44
OBC	46872.46	56460.13
Total	204007.4	262284.89
Out of the Women	92756.54	102677.87

Source: Reseracher's compilation from <http://www.Mudra.org.in/>

The data reveals a notable increase in the total amount of loans sanctioned over the two fiscal years. Significant growth is observed in loans for SC (Scheduled Castes) and ST (Scheduled Tribes), indicating a heightened focus on supporting these historically marginalized groups. Additionally, loans specifically for women also saw a substantial rise, reflecting an increased commitment to empowering female entrepreneurs and ensuring gender-inclusive financial support. This overall expansion in sanctioned loans

underscores a broader effort to enhance financial assistance across diverse social groups, promoting greater equity and inclusion in economic opportunities.

TABLE 4: TABLE SHOWS THE ASSISTANCE TO DIFFERENT SECTION THROUGH TARUN

CATEGORY	AMOUNT SANCTIONED IN CRORE	
	2022-23	2023-24
General	93733.86	105301.62
SC	2650.63	5038.45
ST	1892.39	2581.03
OBC	11487.64	14558.07
Total	109764.5	129790.67
Out of the Women	11340.92	13853.76

Source: Reseracher's compilation from <http://www.Mudra.org.in/>

The data shows a significant increase in the total amount of loans sanctioned from one fiscal year to the next. This growth is particularly noteworthy in the loans designated for SC (Scheduled Castes) and ST (Scheduled Tribes) categories, which have seen substantial increases, suggesting a stronger emphasis on supporting these underserved communities. Additionally, loans specifically for women have also risen considerably, highlighting a growing commitment to enhancing financial opportunities for female entrepreneurs. The overall rise in these targeted loans reflects an increased focus on inclusivity and support for marginalized and underrepresented groups.

TABLE 5: CURRENT PERFORMANCE OF PMMY FOR THE YEAR 2023-24
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[Amount Rs. in Crore]

Sr No	Category	Shishu (Loan up to Rs.50000)				Kishore (Loans from Rs. 50,001 to Rs. 5.00 Lakh)			Tarun (Loans from Rs. 5.00 to Rs. 10.00 Lakh)			Total					
		No Of A/Cs	Sanctioned Amt	Disbursement	Outstanding	No Of A/Cs	Sanctioned Amt	Disbursement	Outstanding Amt	No Of A/Cs	Sanctioned Amt	Disbursement	Outstanding Amt	No Of A/Cs	Sanctioned Amt	Disbursement	Outstanding Amt
1	General	19952565	71100.46	70517.96	55819.31	14268234	170550.8	167451.14	142552.9	1208990	107219.65	105301.6	88568.29	35429789	348870.95	343270.72	286940.52
2	SC	740870	26913.1	26676.6	20459.4	29067	26043.4	25717.	21656.9	74055	5094.9	5038.45	4199.8	103895	58051.5	57432.	46316.
3	ST	236963	8327.36	8277.3	6337.48	957967	9230.44	9037.4	7736.1	35879	2631.23	2581.0	2309.3	336347	20189.	19895.7	16383
4	OBC	1189740	42596.35	42312.77	33235.1	549790	56460.1	54888.3	47497.9	198890	14844.8	14558.07	13579.0	1759420	113901.2	111759.	94312.1
5	Total	4162830	148937.	147784.	115851.	2363089	262284	257094.	219443	1517814	129790.	127479	108656	667770	541012.	532358	443951.
	Out of These																
6	Women Entrepren	3019305	109355.4	108472.5	85956.17	1210459	102677.8	100370.	87473.0	194635	13853.7	13454.2	11420.2	4249228	225887.	222297.2	184849.

10	9	8	7
Mudra card	PMJDYOD Account	Minority	New Entrepreneurs
195025	117701	469852	884910
97.39	189.83	15831.0	29445.4
96.34	183.09	15759.6	28839.7
70.8	153.61	11763.1	23798.
104158	0	18074	34062
2093.89	0	21106.	62290.
2082.0	0	20766.3	60407.
1642.2	0	17598.	50997.
16722	0	115450	757456
1400	0	8695.45	70294.
1386.1	0	8562.2	68861.
1035.15	0	7581.9	57854.
315905	117701	66214	13012
3591.2	189.83	45633.3	162030.
3564.49	183.09	45088.	15810
2748.2	153.61	36943.7	13264

Source: Reseracher's compilation from <http://www.Mudra.org.in/>

The Pradhan Mantri Mudra Yojana (PMMY) for the year 2023-24 shows varied performance across different demographic categories, with a focus on loans distributed under three categories: Shishu, Kishore, and Tarun.

A significant aspect of the data reveals the participation and benefits received by the Scheduled Castes (SC), Scheduled Tribes (ST), and women entrepreneurs. SC beneficiaries have been moderately engaged, particularly in the Shishu category, which provides loans up to ₹50,000. They represent a substantial number of accounts, indicating a strong reliance on smaller loans to meet their financial needs. The ST category shows similar trends, though with lower participation compared to SCs. However, the engagement of STs across all loan categories remains critical, reflecting their need for financial inclusion.

Women entrepreneurs constitute a significant proportion of the total accounts and sanctioned amounts, especially in the Shishu category. Their participation indicates that women are increasingly taking advantage of smaller loans to start or expand their businesses, reflecting a positive trend in women's economic empowerment. The data underscores the importance of continued focus on SC, ST, and women entrepreneurs to enhance their access to financial resources and promote inclusive growth through the PMMY scheme.

VI. SUGGESTION

1. **Increase Shishu Loan Limit:** Consider raising the Shishu loan limit above ₹50,000 to better support very small enterprises and enable their growth.
2. **Support Women Entrepreneurs:** Implement targeted outreach and incentives to increase women's participation in the MUDRA scheme.
3. **Boost Awareness:** Enhance awareness campaigns, especially in rural and semi-urban areas, to expand the scheme's reach.
4. **Simplify Applications:** Streamline the loan application process to make it more accessible, particularly for less educated applicants.
5. **Expand Financial Literacy:** Focus on improving financial literacy among SC, ST, and OBC groups for better loan management.
6. **Monitor Marginalized Groups:** Strengthen monitoring and provide post-loan support to ensure effective utilization by marginalized groups.
7. **Promote Digital Platforms:** Increase the use of MUDRA cards and digital platforms for efficient loan management and financial inclusion.
8. **Conduct Impact Assessments:** Regularly assess the scheme's impact to identify areas for improvement and ensure long-term success.
9. **Regional Customization:** Tailor the scheme to fit the specific economic and social needs of different regions for greater effectiveness.

VII. CONCLUSION

The Pradhan Mantri MUDRA Yojana has shown significant growth in its outreach and impact, particularly in the 2022-23 and 2023-24 fiscal years, with substantial increases in the number of loans sanctioned across all categories. The scheme has made commendable strides in fostering financial inclusion and supporting diverse social groups, including women, SC, ST, and OBC categories. However, there is room for improvement, especially in raising the loan limits for Shishu, simplifying the application process, and providing more focused support to women and marginalized groups. By implementing these suggestions, the scheme can further enhance its effectiveness in empowering micro-entrepreneurs, contributing to India's broader economic development and social equity goals.

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