



# IMPACT OF PRADHAN MANTRI MUDRAYOJNA(PMMY) ON WOMEN ENTREPRENEURS

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**Abstract:** In India, women constitute almost half of the overall population. However, in the realms of work and starting businesses, the involvement of women in the workforce and their chances for entrepreneurship are significantly minimal. Given that women fall into the category of the vulnerable population, it is crucial to give them the necessary focus and recognition to escape their vulnerability in economic, political, and social aspects, enabling them to lead self-sufficient lives. Empowerment of women can only be realized when they possess economic and financial autonomy. This requires a dedicated support network in infrastructure areas such as banks, markets, etc. Such a support network is provided by the government, civil society, self-help groups, women's associations, and non-governmental organizations, which are essential in lifting women from various vulnerabilities and motivating them to engage in economic endeavors such as entrepreneurship. The topic of conversation revolves around the reference to a key federal program known as Mudra Yojana, which is significantly encouraging women's entrepreneurship by increasing the number of women's accounts established and loans provided to them annually.

**Index Terms** - mudra, women, entrepreneurs.

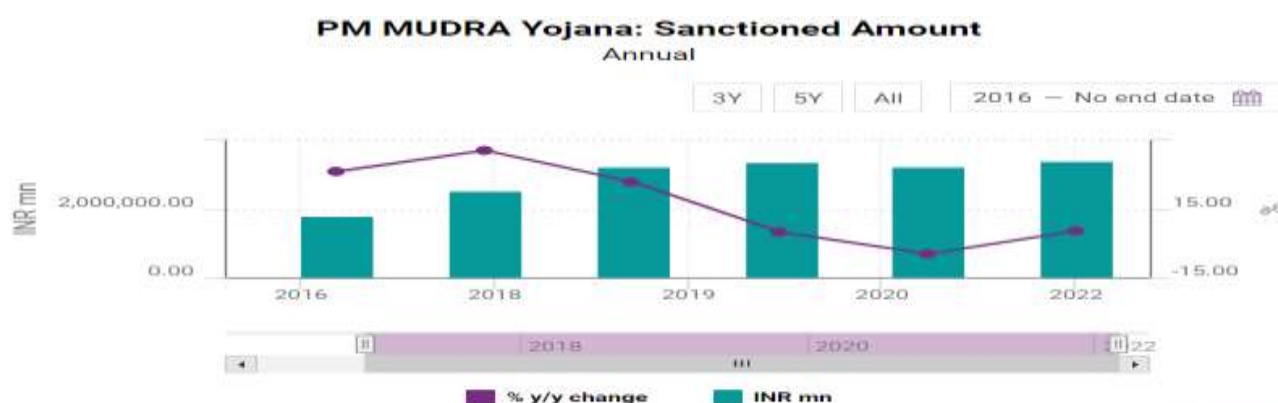
## I. INTRODUCTION

Financial inclusion has been one of the main goals of the Government of India and to achieve this milestone, the Honorable Prime Minister of India Narendra Modi announced the Mudra and PMMY programs in 2015 in a historic event. This scheme was launched to provide funding to unfunded micro-enterprises. Since the micro and small business sectors were unable to obtain loans from the formal financial system, these sectors borrowed money from the informal financial system at exorbitant interest rates, leading these micro-entrepreneurs into a vicious circle of debt trap and cease business and financial activities. The MudraYojana loan has an affordable interest rate and is an unsecured loan for non-corporate, non-agricultural micro and small enterprises up to Rs.10, 000. The main beneficiaries of this scheme are women entrepreneurs. This system is a blast for the vulnerable part of the society who wants to be an entrepreneur. Out of all the beneficiaries, women are the majority in the scheme which is almost more than 50% and the number of accounts opened and loans sanctioned to women in the Shishu category was more than 60% which is a good sign. That women become entrepreneurs and participate alongside men in major economic activities. To help micro-entrepreneurs survive the flood of difficulties during the corona and lockdown period, the government has announced a 2% interest subsidy for the beneficiaries of the Shishu scheme. In terms of the number of accounts opened and loans given to women entrepreneurs, the Mudra Yojana largely acts as a catalyst for the promotion of women entrepreneurship in India.

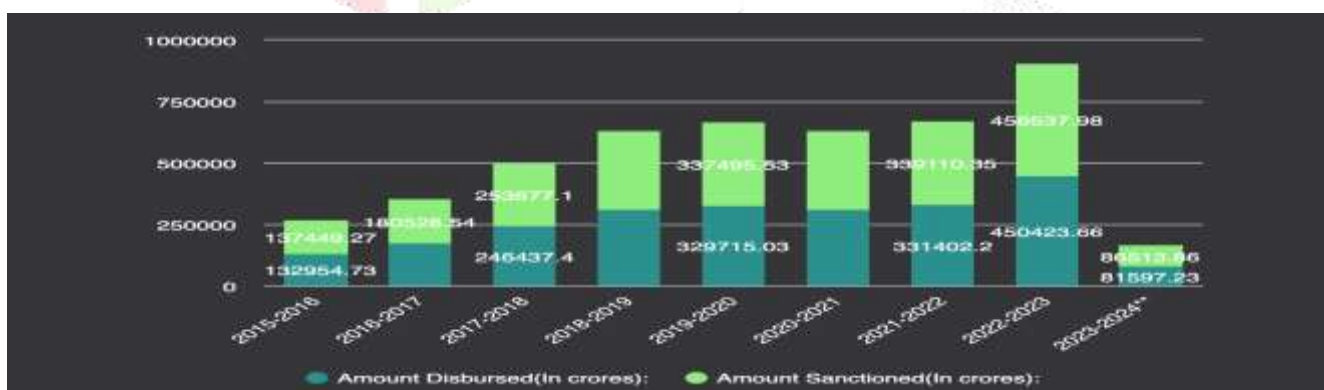
In India, women are recognized as a vulnerable section of the population who are exploited and deprived of their rights in this society. So in order to give them their rightful shares and empower them, the government comes up with various schemes to lift them from all odds. One such scheme is the Mudra Yojana, which

gives collateral-free loans to women to become entrepreneurs and become economically and financially independent. The importance of women's empowerment is enshrined in our Indian constitution itself under various articles and provisions. Article 14 of the Indian constitution speaks of the right to equality and it is the right of women to be treated equally on par with men. Article 19 of the constitution speaks of six rights and one of them is freedom of profession. That is, anyone can start any profession which is legal in India and so can women. Article 21 of the constitution speaks about the right to live a dignified life. These are fundamental rights and are guaranteed. But there are other parts of the constitution like the directive principle of state policy and fundamental duties that are not enforceable in a court of law but speak in length about providing an adequate means of livelihood for all citizens and equal pay for equal work under article 39 of the constitution, and lastly, article 51A of the constitution says that it is the duty of every individual to renounce practices derogatory to the dignity of women.

Despite having all these provisions in the constitution, we are still lacking in bringing women into the main stream of economic activity and being independent in leading a dignified life. But the hopes come from schemes like Mudra Yojana, which are changing the way of women's lives in terms of economic activity and enabling them to become the boss of their own firm and create employment opportunities for others.



In 2015-16, the scheme sanctioned Rs 1.33 lakh crores to nearly 3.48 lakh borrowers, and as of March 26, 2021, loans sanctioned by member institutions totaled Rs 15.10 lakh crore to 28.81 crore beneficiaries. A Mudra card is available to the beneficiaries, and also an overdraft facility is available to meet their working capital requirements. Member lending institutions are major players in this scheme, whole loans to the eligible beneficiaries, and they are banking institutions, non-banking institutions, small finance banks, etc. The major beneficiaries under these schemes are beauty parlors, barbers, 604 potters, fitness clubs, street vendors, petty shops, cloth shops, tailors, weavers, garment shops, etc



## II.MUDRA YOJANA: AN OVERVIEW

Launched in April 2015, the Mudra Yojana provides loans to non-corporate, non-farm small and micro enterprises. The scheme is designed to support aspiring entrepreneurs by offering financial assistance without the requirement of collateral. The loans under this scheme are categorized into three types. Shishu, Kishore, and Tarun are the Mudra Yojana's constituent parts, and they are grouped according to the total amount that will be sanctioned. A mudra card is additionally offered to the borrower under this.

1. Shishu: Loans up to ₹50,000.
2. Kishore: Loans above ₹50,000 and up to ₹5 lakh.
3. Tarun: Loans above ₹5 lakh and up to ₹10 lakh.

### III. OBJECTIVES OF MUDRA LOANS

1. **Promoting Entrepreneurship:** The primary goal of the Mudra scheme is to encourage entrepreneurship, particularly among individuals from underprivileged and economically weaker sections of society.
2. **Job Creation:** By empowering small businesses, Mudra Loans help generate employment opportunities, contributing to reduced unemployment rate.
3. **Economic Growth:** Supporting the growth and expansion of small enterprises directly contributes to economic development and prosperity.

### IV. ACTIVITIES COVERED UNDER MUDRA LOAN

Given below is the list of activities that are covered under Mudra Loan are:

- Food products sector
- Transport vehicles used for transport of both goods and passengers
- Communities, social, and personal service activities
- Business loans for shopkeepers and traders
- Textile products sector and activities
- Agriculture related activities
- Equipment finance scheme for Micro Units

### V. ADVANTAGES OF MUDRA YOJANA TO WOMEN ENTREPRENEURS:

- Relatively low interest rate.
- Interest subsidy for Shishu category borrowers is 2%.
- Funding for unfunded businesses (unregistered/informal business sectors can easily access this fund).
- Mudra card meets working capital requirements.
- Loans are classified based on OBC/SC/ST/WOMEN classification which determines their status and helps the government to take necessary action.
- Growth in the number of entrepreneurs.
- Creation of job opportunities.
- Women's economic and social status improves.
- Women become economically and financially independent.
- Women's standard of living increases

### VI. AWARENESS AND OUTREACH

Despite the benefits of the system, not all potential women entrepreneurs are aware of it. More awareness and broadcasting of activities is needed, especially in rural areas. Women often need training in financial literacy, business management and technical skills. Providing comprehensive building programs will help them use loans effectively. It is very important to ensure that women entrepreneurs have access to the market to sell their products. Initiatives to build marketing relationships and provide platforms to showcase their products can improve their business opportunities. In addition to financial assistance, supporting infrastructure such as better transport links, childcare services and safety measures can have a significant impact on women's participation in entrepreneurship.

### VII. CONCLUSION

Mudra Yojana is a creditable initiative that has the potential to change the landscape of women entrepreneurship in India. By providing financial support and encouraging women to participate in economic activities, the system contributes to their empowerment and the overall economic development of the country. Continued efforts to address the challenges and improve the support system can strengthen the impact of this system and enable more women to lead independent and empowered lives.

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