

An Empirical Analysis of Pmmy Loan Performance among Women Entrepreneurs in Tamil Nadu

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Abstract

The Pradhan Mantri Mudra Yojana (PMMY), which was introduced by the Indian government in 2015, offers small and micro businesses loans without collateral in an effort to promote financial inclusion and entrepreneurship. Using secondary data from official reports from 2015–2016 to 2023–2024, this study examines the expansion and effects of PMMY loans on women entrepreneurs in Tamil Nadu. Descriptive statistical approaches, such as year-over-year (YoY) growth rate and compound annual growth rate (CAGR), were used to assess changes in the number of loan accounts and the loan amounts authorized under the Shishu, Kishore, and Tarun categories in order to identify trends and progress. Results indicate that PMMY has greatly increased formal credit availability and encouraged entrepreneurial endeavors, especially among women. The program continues to encourage financial inclusion and the establishment of new businesses in the state, despite occasional volatility during the COVID-19 pandemic.

Keywords: Women Entrepreneurship, Pradhan Mantri Mudra Yojana (PMMY), Financial Inclusion, Microfinance, Loan Growth Analysis

Introduction

In developing countries, entrepreneurship is essential for promoting financial inclusion, job creation, and economic progress. Micro and small businesses play a major role in driving economic development in India by creating jobs and fostering innovation. However, a significant obstacle many entrepreneurs—especially women and first-time business owners—face is restricted access to formal loans. In order to address this, the Indian government launched the Pradhan Mantri Mudra Yojana (PMMY) in April 2015, which provides non-corporate, non-farm micro and small businesses with collateral-free loans up to ₹10 lakh. Based on the stage and financial requirements of the company, these loans are separated into three categories: Tarun, Kishore, and Sishu. Women, small traders, artists, and new business owners who previously depended on unofficial loans are among the marginalized populations that the program seeks to empower. Tamil Nadu's strong banking infrastructure and thriving MSE sector make it stand out as a top state in PMMY implementation. While new entrepreneurs create innovation and employment, women entrepreneurs support inclusive growth and increase household incomes. Even if the number of beneficiaries is growing, it's crucial to evaluate the program's efficacy by looking at account growth, credit disbursement, and general interaction with these groups. In order to provide insights into PMMY's effectiveness in promoting financial inclusion and

entrepreneurial development, this study uses secondary data to empirically examine its impact and growth trends among women and new entrepreneurs in Tamil Nadu.

Review of Literature

Bolla, Jahan and Kumar (2025) with an emphasis on female entrepreneurs, the study examined the performance of loans made under the Pradhan Mantri Mudra Yojana. It discovered that PMMY loans in the Shishu, Kishor, and Tarun categories greatly expanded women's access to financial inclusion and entrepreneurial prospects. According to the study, a significant portion of PMMY recipients are women and the program is crucial to the growth of microbusinesses in India.

Tomer (2025) study investigated the ways in which MSMEs assist Indian women entrepreneurs. It made clear that financial assistance and government programs encourage women to launch enterprises and contribute to economic growth. The study also emphasized the importance of favorable policies and institutional financing availability in boosting women's entrepreneurship in the MSME sector.

Tejaswini Bastray et al. (2024) evinces that to improve their social status and self-confidence, many women choose to become entrepreneurs. In order to successfully compete in the market, women-led enterprises typically rely on their own resources, ingenuity, and internal capabilities. The survey also emphasizes how important it is for women entrepreneurs to assist economic growth, improve social welfare, and create jobs.

Saini, Malhotra and Bhushan (2024) examined the effects of government support initiatives on female entrepreneurs and discovered that financial aid and training programs raise their socioeconomic level of entrepreneurship. It highlights the significance of legislative assistance and financial inclusion in promoting women-owned businesses.

Sheba and Vasanthi (2024) investigated the impact of PMMY on the growth of rural entrepreneurship was investigated in this study. The findings indicate that having access to Mudra loans has increased income levels, expanded job prospects, and stimulated entrepreneurial activity in rural areas. The paper also emphasizes how the program has helped numerous small company owners launch their enterprises through institutional loans.

Laxmi Devi (2023) highlighted various barriers including inadequate guidance, restrictive norms, high production costs, and limited leadership in a male-dominated society.

Vosuri Sandhya Rani and Natarajan Sundaram (2023) emphasized the importance of financial inclusion and social engagement for successful entrepreneurship. The importance of Self-Help Groups (SHGs) in improving financial access, promoting saving behaviors, and generating entrepreneurial opportunities for women is highlighted by their research.

Salma Bano (2023) estimated that many women have successfully started businesses and reached organizational goals. However, their presence in top management or leadership roles is still limited. The study emphasizes that increased support from government, families, and society is crucial to promote women's entrepreneurial involvement.

Subbarayudu C. H. and Srinivasa Rao C. H. (2021) pointed out that woman entrepreneurs bring new ideas and solve problems in business, contributing to stronger economic growth. However, women still make up a smaller share of entrepreneurs than men, emphasizing the importance of promoting equal participation in economic activities.

Ritwik Saraswat and Remya Lathabhavan (2020) emphasized that inspirational stories, motivational strategies, and entrepreneurial training programs can empower women to overcome traditional barriers and pursue business opportunities.

Jostna Kumar Gantepogu and Priyanka Moola (2019) emphasized the importance of women's entrepreneurship for inclusive growth and socioeconomic progress. However,

women often have to deal with high production costs, marketing obstacles, budgetary constraints, and juggling job and family obligations. To increase women's economic involvement, these structural barriers must be removed.

Vanita Yadav and Jeemol Unni (2016) study reveals that the discipline lacks a strong theoretical basis and is still evolving. To better comprehend women's business paths, they recommend fusing feminist perspectives with traditional ideas of entrepreneurship.

Meenu Maheshwari and Priya Sodani (2015) emphasized how women's entrepreneurship is an essential instrument for socioeconomic advancement and empowerment. Their investigation highlights the ways in which women's participation in entrepreneurship is influenced by cultural, political, and economic issues. The study calls on academics and legislators to develop laws that encourage women-owned enterprises.

Research Gap

A number of studies have examined women's financial inclusion and entrepreneurship in India, particularly in relation to the Pradhan Mantri Mudra Yojana. Scholars such as Bolla, Jahan, and Kumar (2025) highlighted PMMY's contribution to improving financial access and assisting women-owned microbusinesses. However, rather than examining particular loan performance measures like utilization, repayment trends, and business viability, the majority of current research focuses on the overall effects of PMMY and associated government activities. Sheba and Vasanthi's (2024) studies concentrate on the growth of rural entrepreneurship but do not provide comprehensive empirical data on the loan performance of female entrepreneurs. Furthermore, there isn't much study that focuses on Tamil Nadu particularly. Consequently, a thorough empirical assessment of PMMY loan performance among female entrepreneurs in this area is required..

Objectives of the Study

1. To evaluate the annual increase in the number of accounts and loan amounts sanctioned under PMMY in Tamil Nadu.
2. To examine the growth and impact of PMMY loans specifically among women entrepreneurs in Tamil Nadu..

Statement of the Problem

For women and fledgling business owners in India, access to adequate funding sources remains a significant barrier. Many prospective entrepreneurs are unable to access formal credit due to obstacles such a lack of collateral, a short credit history, and a lack of financial literacy. As a result, they frequently turn to unofficial finance sources, which have high interest rates and limit company expansion. In order to address these problems, the Indian government introduced the Pradhan Mantri Mudra Yojana (PMMY), which uses collateral-free loans to help microenterprise development and encourage financial inclusion. Despite the program's widespread national adoption, its efficacy in particular areas and among the targeted populations has to be assessed. For instance, PMMY loan disbursements have significantly increased in Tamil Nadu, especially for women and new business owners. However, disparities in loan uptake, growth trends, and payout patterns raise significant concerns regarding the overall viability and efficacy of the program. Therefore, in order to comprehend its impact on the growth of entrepreneurship in Tamil Nadu, an empirical analysis of PMMY loan performance within these groups is crucial.

Research Methodology

This empirical study uses secondary data, obtaining data from public sources and the official Pradhan Mantri Mudra Yojana portal regarding the number of accounts and loan amounts approved under the PMMY plan. It evaluates how well PMMY loans work for

women and young business owners in Tamil Nadu between 2015 and 2016 and 2023 and 2024. The study uses descriptive statistical tools such year-over-year (YoY) growth rate, compound annual growth rate (CAGR), and basic descriptive statistics to examine growth trends in loan accounts and sanctioned amounts.

Limitation of the Study

This study has limitations even if it provides insightful information about how PMMY loans perform among women and new business owners in Tamil Nadu. First of all, it is entirely dependent on secondary data from Pradhan Mantri Mudra Yojana websites and official reports, which may contain modifications or reporting errors over time. Second, the analysis ignores qualitative aspects like beneficiary satisfaction, access issues, or business performance results in favor of just focusing on quantitative measures like the quantity of accounts and loan amounts authorized. Thirdly, the study solely looks at female entrepreneurs, leaving out other recipient groups like already-existing companies or sector-specific allocations. Fourth, cross-state comparisons are challenging because the study is limited to Tamil Nadu. Lastly, it does not evaluate long-term effects like business sustainability, employment creation, or borrowers' repayment behavior.

Analysis and Discussion

Table No – 1
PMMY Year-Wise Performance Report of Shishu – Women Entrepreneurs
(Amount Rs. in Crore)

Sl. No	Year	No. of A/Cs	YoY Growth%	Sanctioned Amount	YoY Growth%	Total	
						No. of A/Cs	Sanctioned Amount
1	2015-2016	27103118	-	69038.97	-	27628265	82183.55
2	2016-2017	28472344	5.06	66997.91	-2.96	29146894	80289.68
3	2017-2018	32144132	12.89	80371.59	19.97	33558238	103254.12
4	2018-2019	33403579	3.92	96253.15	19.77	37062562	133033.62
5	2019-2020	35718217	6.94	109659.78	13.95	39103349	145181.87
6	2020-2021	27753288	-22.30	74490.46	-32.09	33303604	131303.35
7	2021-2022	30441921	9.70	89621.66	20.34	38429259	166422.47
8	2022-2023	32817496	7.79	112856.7	25.91	44256813	216954.16
9	2023-2024	30193055	-7.98	109355.45	-3.11	42492281	225887.08
CAGR%		1.34		6.02			
MEAN		30894128		89849.52			
MEDIAN		30441921		89621.66			
SD		2690000		17300			
Coefficient of Variation		8.71%		19.26%			

(Sources: www.mudraloan.org)

The performance of "Shishu" loans granted to female entrepreneurs under the "Pradhan Mantri Mudra Yojana" from 2015–2016 to 2023–2024 is displayed annually in Table 1. According to the data, the number of loan accounts rose from 27,103,118 in 2015–2016 to 35,718,217 in 2019–2020, suggesting that women are becoming more involved in the microfinance industry. The scheme's early years saw robust expansion, as seen by the highest

growth rate of 12.89% in 2017–2018. However, there was a significant drop of –22.30% in 2020–2021, mostly as a result of economic disruptions brought on by COVID-19. In 2021–2022 and 2022–2023, the number of accounts progressively increased, but in 2023–2024, it slightly decreased once more. The overall Compound Annual Growth Rate (CAGR) of 1.34% indicates a moderate rate of long-term beneficiary growth. The overall sanctioned amount rose from ₹69,038.97 crore in 2015–2016 to ₹109,355.45 crore in 2023–2024, with the largest growth of 25.91% in 2022–2023, notwithstanding variations during the pandemic. A consistent increase trend in financial support is indicated by a CAGR of 6.02%. With an average sanctioned value of ₹89,849.52 crore and a Coefficient of fluctuation of 19.26%, there is a moderate fluctuation in the distribution of credit as opposed to 8.71% in account numbers. Overall, the data shows that financial assistance to female entrepreneurs falling under the "Shishu" category is on the rise.

Table No – 2
PMMY Year-Wise Performance Report of Kishore – Women Entrepreneurs
(Amount Rs. in Crore)

Sl. No	Year	No. of A/Cs	YoY Growth%	Sanctioned Amount	YoY Growth%	Total	
						No. of A/Cs	Sanctioned Amount
1	2015-2016	473536	-	9068.03	-	27628265	82183.55
2	2016-2017	624925	31.9	9541.63	5.2	29146894	80289.68
3	2017-2018	1335192	113.6	16586.84	73.4	33558238	103254.12
4	2018-2019	2875392	115.5	26741.23	61.2	37062562	133033.62
5	2019-2020	2988307	3.9	26476.69	-1.0	39103349	145181.87
6	2020-2021	5468211	83.1	50730.64	91.7	33303604	131303.35
7	2021-2022	7892778	44.4	70027.9	38.0	38429259	166422.47
8	2022-2023	11285672	43.6	92756.54	32.5	44256813	216954.16
9	2023-2024	12104591	7.3	102677.87	10.7	42492281	225887.08
CAGR%		38.23		30.34			
MEAN		5005400		44956.37			
MEDIAN		2988307		26741.23			
SD		4200000		33900			
Coefficient of Variation		83.9%		75.4%			

(Sources: www.mudraloan.org)

The performance of the "Kishore" category loans given to female entrepreneurs under the "Pradhan Mantri Mudra Yojana" from 2015–2016 to 2023–2024 is displayed annually in Table No. 2. The number of loan accounts increased significantly during this time, according to the data. Accounts grew from 473,536 in 2015–2016 to 12,104,591 in 2023–2024, demonstrating the quick expansion of women entrepreneurs' access to capital. In 2017–2018 (113.6%) and 2018–2019 (115.5%), growth rates were very high, demonstrating the robust involvement and growth of women-owned small companies. The number of accounts increased once more in 2020–2021 (83.1%) and continued to rise steadily after that, despite a modest slowdown in growth in 2019–2020 (3.9%). Significant long-term growth in loan accounts is shown in the total Compound Annual Growth Rate (CAGR) of 38.23%. As a

result, the total amount of loans disbursed rose from ₹9,068.03 crore in 2015–2016 to ₹1,02,677.87 crore in 2023–2024. The program saw a slight decline of -1.0% in 2019–2020, but it recovered significantly in the years that followed. The expanding financial assistance is highlighted by a CAGR of 30.34%. With a high Coefficient of Variation of 75.4%, the average loan amount disbursed was ₹44,956.37 crore, demonstrating significant variations during the study period. Overall, this table shows how quickly financial assistance for female entrepreneurs in the "Kishore" sector has grown and expanded.

Table No – 3
PMMY Year-Wise Performance Report of Tarun – Women Entrepreneurs
(Amount Rs. in Crore)

Sl. No	Year	No. of A/Cs	YoY Growth%	Sanctioned Amount	YoY Growth%	Total	
						No. of A/Cs	Sanctioned Amount
1	2015-2016	51611	-	4076.55	-	27628265	82183.55
2	2016-2017	49625	-3.9	3330.54	-18.3	29146894	80289.68
3	2017-2018	78914	59.2	6295.7	89.0	33558238	103254.12
4	2018-2019	783591	897.5	10039.23	59.7	37062562	133033.62
5	2019-2020	397825	-49.2	9045.4	-9.9	39103349	145181.87
6	2020-2021	82105	-79.3	6082.24	-32.7	33303604	131303.35
7	2021-2022	94560	15.2	6772.91	11.3	38429259	166422.47
8	2022-2023	153645	62.6	11340.92	67.9	44256813	216954.16
9	2023-2024	194635	26.7	13853.76	22.2	42492281	225887.08
CAGR%		14.86		14.86			
MEAN		209612		7870.81			
MEDIAN		94560		6772.91			
SD		226000		3340			
Coefficient of Variation		107.8%		42.4%			

(Sources: www.mudraloan.org)

The 'Tarun' category loans provided to women entrepreneurs under the 'Pradhan Mantri Mudra Yojana' plan from 2015–2016 to 2023–2024 are shown in Table No. 3. The data reveals significant variations in the quantity of loan accounts during this time. Accounts somewhat declined from 51,611 in 2015–2016 to 49,625 in 2016–2017. 2017–2018 had a notable increase of 59.2%, and 2018–2019 saw an incredible surge with 783,591 accounts—an astounding growth rate of 897.5%. This indicates a significant increase in the "Tarun" category's support for female entrepreneurs. However, accounts fell by 49.2% in 2019–2020 and 49.2% in 2020–2021 as a result of the COVID-19 epidemic.

After that, the program gradually recovered, with 194,635 accounts in 2023–2024. With a Compound Annual Growth Rate (CAGR) of 14.86%, the long-term growth is still moderate. The overall loan amount disbursed during the study period likewise fluctuated, but it eventually increased to ₹13,853.76 crore in 2023–2024 from ₹4,076.55 crore in 2015–2016. A modest degree of variability in the loan amount is indicated by a Coefficient of Variation of 42.4%; on the other hand, the high variability in the number of accounts (107.8%) demonstrates the instability in the number of beneficiaries under this category.

Overall, this table shows that the financial support given to female entrepreneurs through "Tarun" category loans has gradually improved.

Findings

Several important conclusions can be drawn from an examination of yearly statistics on loans approved to female entrepreneurs under the Pradhan Mantri Mudra Yojana. The 'Shishu' category had the most loan accounts during the study period, indicating that most female entrepreneurs prefer small loans to launch microbusinesses. The overall loan sanctioned in this category climbed gradually, suggesting greater financial support, despite some variations, particularly during 2020–2021 because to the COVID-19 epidemic. Both the number of accounts and the loan amounts in the "Kishor" category increased significantly. The quick expansion and growing role of female entrepreneurs in small enterprises are shown by the high CAGR (Compound Annual Growth Rate) in both indicators. The 'Tarun' category, on the other hand, had significant variations in account numbers throughout time. The overall sanctioned amount steadily rose in spite of this volatility, indicating growing assistance for larger businesses. All things considered, the evidence shows that PMMY has been crucial in advancing financial inclusion in India and supporting the development of female entrepreneurs.

Recommendations

Based on the results, a number of recommendations have been made to enhance the Pradhan Mantri Mudra Yojana's ability to assist women entrepreneurs. First, as many female entrepreneurs are still ignorant of the scheme's advantages, the government and financial institutions should intensify awareness campaigns, particularly in rural and semi-urban areas. Participation can be increased through campaigns run by local organizations, self-help groups, and digital platforms. Second, banks should simplify the loan application and approval procedures to make them easier to understand and more transparent for women who are applying for the first time. This is because many of them encounter challenges because of low financial literacy and problems with documentation. Thirdly, in order to help women make good use of their loans, financial institutions should offer training and skill development programs in areas like digital marketing, business management, and financial planning. Last but not least, continuous oversight and assistance are necessary to guarantee that funds are utilized properly and to encourage the long-term development of women-led enterprises.

Conclusion

According to the survey, the Shishu, Kishore, and Tarun loan sectors of the Pradhan Mantri Mudra Yojana (PMMY) provide financial assistance to women entrepreneurs. The Shishu sector has the greatest number of beneficiaries, according to the data, indicating that many women rely on small loans to launch microbusinesses. Both the number of accounts and the total amount of sanctioned loans in the Kishore sector have grown quickly, suggesting the expansion of women-led enterprises. Financial support has gradually increased over time, notwithstanding minor changes in the Tarun section. The COVID-19 pandemic's economic effects were the primary cause of the decline in 2020–2021, but recovery took place in the years that followed. In general, PMMY has improved formal credit availability, increased financial inclusion, and promoted economic growth and empowerment among Indian women entrepreneurs.

Future Scope of the Study

By examining secondary data on loan accounts and authorized amounts, this study examined the performance of female entrepreneurs under the Pradhan Mantri Mudra Yojana.

By gathering primary data to investigate the impact of these loans on income, job creation, and business sustainability for female entrepreneurs, future research might expand on this. There may be geographical variations in loan availability if beneficiaries from rural and urban areas are compared. Further studies might also examine the impact of digital banking, training programs, and financial literacy on loan use. Policymakers might enhance the program's efficacy and outcomes with the use of these findings.

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