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Review

Women's financial resilience: a look at Mudra Yojana's influence on Indian MSMEs

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ABSTRACT

The entrepreneurial intentions among the individuals of any nation serve as a driving force behind the growth and development of any nation. To ensure the growth and prosperity of any nation there must be no gender disparity within the entrepreneurial ecosystem of the country. Women constitute around half of the world's population and still wide disparity prevails in the economic status of women in India. To address the disparity government of India has taken various initiatives to promote women's participation in entrepreneurship, thereby contributing to the nation's development. Among all the initiatives Pradhan Mantri Mudra Yojana holds a significant role in this endeavour by focusing on extending credit facilities to women entrepreneurs. The main focus of this study is to evaluate the effectiveness of the Mudra Yojana in enabling women to establish and expand their MSMEs. For this study, secondary data will be collected from multiple sources such as annual reports of Mudra, MSME Report, RBI, etc. Through the means of in-depth analysis of government reports and other statistical data, this study shed light on the empowerment of women entrepreneurs in India. This study examines women's accessibility to financial assistance, loan disbursement, and the overall effectiveness of Mudra Yojana in the facilitation, growth, and development of women-led micro, small and medium enterprises. The valuable insights derived from this study offered guidance to policymakers, financial institutions, other researchers and stakeholders interested for supporting women entrepreneur and contributing to the understanding of gender inclusive growth and development in India.



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1. Introduction

Promotion of financial inclusion stands out as one of the paramount goals of the government, aimed to broaden the reach of financial products and services to serve the underserved and unprivileged section of the society (Thorsten, 2016). To pursue these goals government of India initiated Pradhan Mantri Mudra Yojana in April 2015. This program aims to provide

loans up to Rs. 10 lakhs to farm, non-farm, non-corporate income-generating activities within the unit engaged in manufacturing, processing, trading and other services sector (Pathak, 2022). To facilitate the financial inclusion of women entrepreneurs in India the government's flagship programme, PMMY, has played a pivotal role within the economic landscape in India (Silas & Bodra, 2023).

The schemes under PMMY categorized loans into three segments includes:

Shishu	Kishore	Tarun
Loan up to Rs 50, 000 to new entrepreneur to help them in setting their business ventures	Loan ranging from Rs. 50,001 to 5,00,000 for the expansion and growth of already existed businesses	Loan ranging from Rs 5,00,001 to 10,00,000 to very well business that required more additional funds for their further growth and expansion.

The definition of MSME as per the RBI and the Government of India Gazette official notification S.O. 2119 (E) dated June 26, 2020, are as follows:

- A micro enterprise is an enterprise where investment in plant and machinery or equipment does not exceed Rs. 1 crore and turnover does not exceed Rs. 5 crores.
- A small enterprise is an enterprise where investment in plant and machinery or equipment does not exceed Rs. 10 crore and turnover does not exceed 50 crores.
- A medium enterprise is an enterprise where the investment in plant and machinery Rs. 50 crore and turnover does not exceed Rs 250 crore.

Women-led MSME plays a vital role in fostering growth, innovation, employment generation, and sustainable development (Karmakar, 2021). Despite of their significant contribution, they face significant challenges in accessing financial assistance from financial institutions (C. Singh, 2016). To examine the impact of this initiative on women entrepreneurs within the MSME framework is imperative to understand the effectiveness of this initiative in addressing gender-specific barriers and in promoting financial resilience. The main aim of this study is to understand the key role of PMMY in

promoting the women MSME in India by studying the growth trend and pattern of account opened, amount sanctioned and the amount disbursed under this yojana and studying the interrelation among them.

2. Literature Review

2.1 Role of MSME in economic growth

MSME plays a crucial role in the growth and development of any economy and therefore it pivotal to protect, promote, and develop them for the sustainable growth of the country (Das, 2008). In the context of a developing country like India, MSME contributes more than 50% of the total output among the manufacturing sector (Ali & Husain, 2014). To enhance the efficiency and the competitiveness, government should take measures for productivity improvement, quality enhancement and cost reduction (Lama, 2012). MSME stands out as one of the most expanding sector that having significant potential in production, employment generation and exports, this sector plays a pivotal role in driving economic growth and fostering innovations (Srivastava, 2020). This serves serve as a crucial catalyst for inclusive growth, empowering the marginalized and vulnerable groups and communities (Shelly et al., 2020).



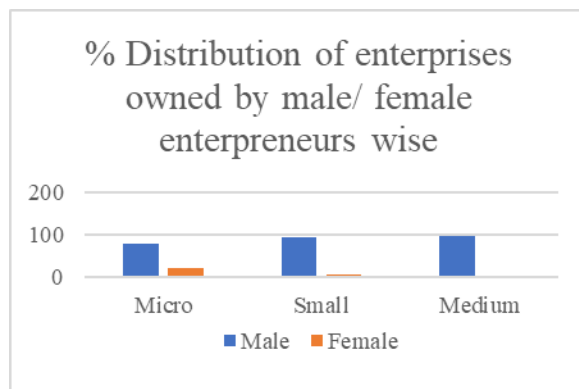
2.2 MSME and women

In the fiscal year 2022, the ownership in the macro enterprise in India was heavily dominated by the male segment, comprising more than 79% of the total ownership, while females held approximately 20.4 % of the ownership only. This trend also extended to medium and small enterprises, where there is almost a similar pattern, with a notable skew towards the male distribution (Statista, 2020).

This type of ownership remained consistent in both rural and urban areas, although the dominance of male-owned enterprises more slightly was pronounced in urban areas, accounting for 81.58% as compared to only 77.76% in the rural areas (Ministry of Micro, Small, and Medium Enterprises, 2023)

Category	Male	Female	All
Micro	79.56%	20.44%	100%
Small	94.74%	5.26%	100%
Medium	97.33%	2.67%	100%
All	79.63%	20.37%	100%

Source: (Ministry of Micro, Small and Medium Enterprises, 2023)



Source: (Ministry of Micro, Small and Medium Enterprises, 2023 ; Statista, 2020)

2.3 PMMY and women

The main problem associated with the growth and development of women entrepreneurs is the lack of financial assistance (Agrawal et al., 2023) . To resolve the issue government of India has undertaken a variety

of measures such as the Jan Dhan Yojana, Mudra Yojana, Sukanya Samriddhi Yojana, etc. Among all these initiatives Mudra initiative plays a pivotal role in providing financial assistance for the growth and development of women MSMEs (Mahesh et al., 2022). It supports women entrepreneurs by providing them with loan assistance without any collateral security for their socio-economic development (Kumar & Divya, 2021). By providing financial support this initiative succeeds in improving women’s standard of living, raising their per capita income, and poverty reduction (R. R. Singh, 2022). PMMY performed well in promoting the new entrepreneurs under the Shishu category (Ramesh, 2016). This scheme succeeds in generating more employment opportunities by providing them with financial assistance to begin a new business venture (Soni, 2016). The study of Agarwal & Dwivedi (2017) analysed the performance of PMMY based on caste, state, and category wise. Andaman and Nicobar have a negative growth trend and Assam has a higher growth rate.

3.1 Research Gap

Women's participation in MSMEs particularly under Mudra Yojana, is relatively one of the unexplored areas in the context of India’s economic growth. Limited comprehensive studies were available that analyse the role of women-led MSMEs in the economic growth of the nation. Not many studies investigate the relationship between the number of accounts, loan amount sanctioned, and the actual amount of loan disbursed under MUDRA Yojana. There is a need to gain deeper insights related to the factors that affect decision-making and management and the gender-specific challenges that women entrepreneurs encounter.

3.2 Research Objectives

Based on the research gap following are the proposed research objectives of the study:

- To examine the trend and pattern in the Number of accounts owned by women-led enterprises under the three schemes of Mudra Yojana consisting of Shishu, Kishore, and Tarun.



- To assess the relationship between the number of Mudra accounts owned by women and the loan amount sanctioned to the amount of loan disbursed Under the MUDRA Yojana.

4. Research Methodology

To achieve the desired objectives, secondary data related to the number of women-led entrepreneurs, accounts owned by women under the MUDRA yojana, loan amount sanctioned, and the loan amount disbursed from multiple sources such as Annual report of Mudra yojana, MSME reports, Ministry of Statistics and programme implementation and the various

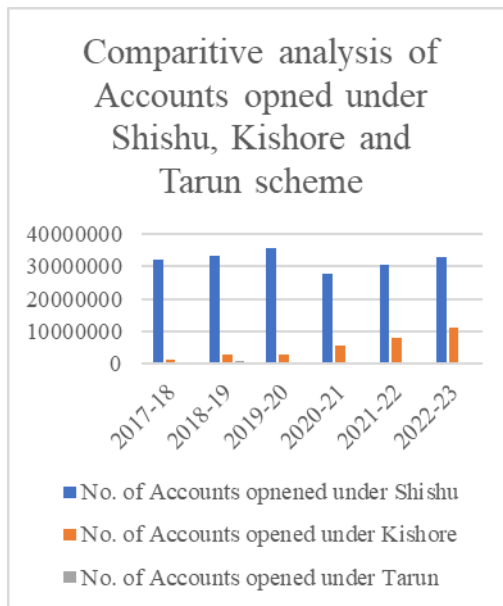
research papers. to analyse the data various kinds and tables, charts, and diagrams were utilized. To examine the relationship between the variables, this study employed correlation analysis through the SPSS 20 version by taking women-owned number of accounts under the Mudra Yojana amount of loans sanctioned under the account, and the amount of loan disbursed.

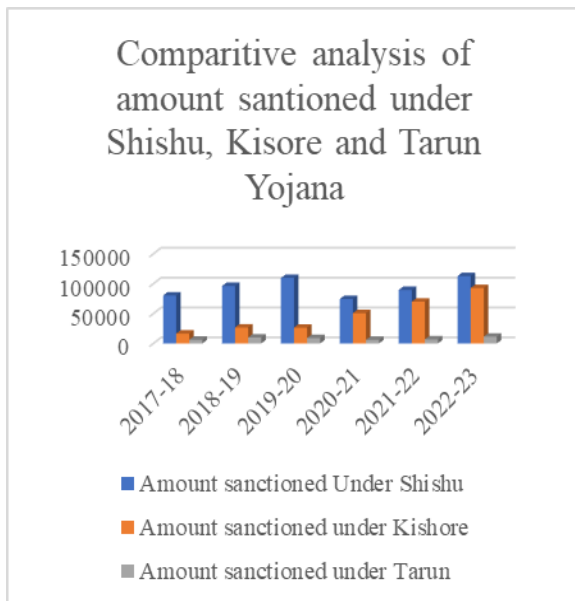
5. Findings and Discussion

Trends and patterns related to the number of accounts owned by women under the three schemes i.e., Shishu, Kishore, and Tarun

Time period / categories	Women beneficiaries under PMMY					
	Shishu		Kishore		Tarun	
	No of A/C	Amount (crore)	No of A/C	Amount (crore)	No. of A/C	Amount (crore)
2017-18	32144132	80371.59	1335192	16586.84	78914	6295.7
2018-19	33403579	96253.15	2875392	26741.23	783591	10039.23
2019-20	35717217	109660	2988307	26477	397825	9045
2020-21	27753288	74490.46	5468211	50730.64	82105	6082.24
2021-22	30441921	89621.66	7892778	70027.9	94560	6772.91
2022-23	32817496	112856.7	11285672	92756.54	153645	11340.92

Source: Annual report of mudra yojana





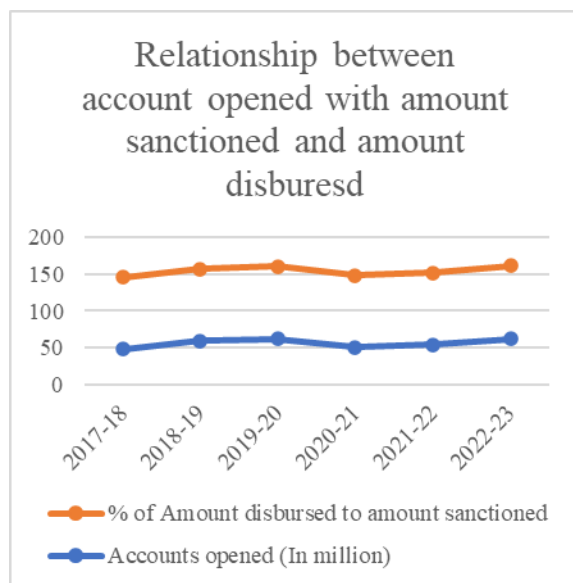
opened and amount sanctioned for the women beneficiaries under the three loan categories (Shishu, Kishore and Tarun) over the taken period of time. Among all the three categories Shishu category has the largest number of accounts opened and amount sanctioned to women beneficiaries followed by the Kishore and Tarun categories. This analysis indicates that this scheme has a positive influence on women's financial independence. By providing them access to financial resources and support, it is continuously contributing towards the financial empowerment of women. As the majority of women beneficiaries fall under the Shishu category, indicates a positive trend towards the development of women entrepreneurs in India. It could signify that more and more women are venturing into entrepreneurship by setting up their small businesses with the help of this scheme. This is an encouraging sign for the promotion of gender equality as well as the participation of women in economic activities.

To test the Relationship between the number of Mudra accounts and loan amount sanctioned to the amount of loan disbursed Under the MUDRA Yojana

The data indicated by these graphs and tables shows a consistent growth in the number of accounts

Financial Year	PMMY No. of Accounts opened (In million) (A)	Amount sanctioned (in Million) (B)	Amount disbursed (In million) (C)	% of Amount disbursed to amount sanctioned (C/B) * 100
2017-18	48.13	2536.771	2464.374	97.15
2018-19	59.87	3217.228	3118.114	96.91
2019-20	62.25	3374.955	3297.150	97.69
2020-21	50.74	3217.592	3117.545	96.89
2021-22	53.80	3391.103	3314.022	97.72
2022-23	62.31	4565.380	4504.237	98.66

Source: Annual report of mudra yojana



This table provides the data on PMMY for multiple of the financial year, including number of accounts opened, amount sanctioned and the amount disbursed under this scheme. The number of accounts opened under this scheme has increased over the years,

indicating growing participation and individual interest in this scheme. The above-mentioned table indicates a consistent growth trend in the amount sanctioned and amount disbursed under the MUDRA yojana with only one notable expansion during the financial year 2020-21 due to the impact of the Covid-19 pandemic. This trend reflects an expanding commitment to providing financial assistance to entrepreneurs and individuals. However, this scheme gained much popularity, as it exhibited positive growth throughout the period and reached the highest figure of total funds disturbed at Rs. 4.50 lakh crore during the current financial year 2022-23. This expansion of Pradhan Mantri Mudra Yojana initially covers only the income-generating activities in manufacturing and its aligned sector.

To seek the relationship between number of Mudra accounts owned by women entrepreneurs, and the corresponding amount of loan sanctioned and amount disbursed under Mudra Yojana. This analysis unveils the correlation between the account ownership and financial assistant provided to them, shedding light on the effectiveness of this scheme in meeting the financial needs and wands of women-led enterprises.

Descriptive Statistics

	Mean	Std. Deviation	N
Amount disbursed under Mudra	330257.3567	66558.15690	6
No. of Accounts owned	56181614.5000	6134243.21462	6
Amount sanctioned under Mudra	338383.8333	65864.88760	6

The average mean of amount disbursed under Mudra id approximately Rs. 330,257.36 and the standard deviation is approximately Rs. 66,558.16 indicating a wide range of variability and dispersion around the

mean. The average mean of the number of accounts is 56181614 and the standard deviation of 6134243.21 reflects high variability.



Correlations				
		Amount disbursed under Mudra	No. of Accounts owned	Sanctioned amount under Mudra
Pearson Correlation	Amount disbursed under Mudra	1.000	.704	1.000
	No. of Accounts owned	.704	1.000	.707
	sanctioned amount under Mudra	1.000	.707	1.000
Sig. (1-tailed)	amount disbursed under Mudra	.	.059	.000
	No. of Accounts owned	.059	.	.058
	sanctioned amount under Mudra	.000	.058	.
N	amount disbursed under Mudra	6	6	6
	No. of Accounts owned	6	6	6
	sanctioned amount under Mudra	6	6	6

Amount disbursed and number of accounts owned:

Results of correlation analysis indicates a moderately strong positive correlation of 0.704 between amount disbursed and number of accounts owned, indicates

that amount disbursed tends to rise with the increase in number of accounts owned. The p value 0.059 ($p < 0.1$) provides a marginally significant correlation between amount disbursed and number of accounts owned.

Amount disbursed and Sanctioned Amount: it indicates a perfect positive correlation of 1.000, highlights a strong linear relationship between amount disbursed and amount sanctioned. As one rises, other also rises proportionally. The p-value of 0.000 ($p < 0.05$) indicates a significant correlation between the amount sanctioned and disbursed.

Number of Accounts Owned and Amount Sanctioned:

There is a moderately strong correlation persists between accounts owned and the amount sanctioned. The p-value of 0.058 ($p < 0.1$) suggests a marginally significant correlation between the account owned and the amount sanctioned.

6.1 Conclusion of the Study

This study examined the trends and patterns in the number of accounts opened by women-led entrepreneurs under three schemes such as Shishu, Kishore, and Tarun. Results indicate that the majority of accounts have been opened under the Shishu scheme meaning that more and more women-led enterprises going to settle in India. As the participation in this grows, the corresponding surge of amount sanctioned and amount disbursed underscored the effectiveness of this initiative in providing robust financial support to support women entrepreneurs, empowering them to initiative as well as expanding their business venture. This analysis provides a more valuable insight related to the participation and



engagement of women entrepreneurs in the MSME sector under these schemes in India. The findings provide a positive correlation between the account opened, the amount sanctioned and the amount disbursed. The findings of this study underscore the need of government continuous efforts to support and empower more and more women entrepreneurs in the MSME sector. Policymakers and researchers can utilize the findings derived from this study in the development of new initiatives and fostering growth and sustainability of women-led enterprises in India within the MSME sector.

6.2 Future Research Gap

Further research work can be undertaken to examine the role of technology adoption and digital financial tools in overcoming the financial challenges faced by the women led-MSME's and evaluating the effectiveness of financial education and training programs especially tailored for women entrepreneurs.

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