

Financial Inclusion and Women Economic Empowerment: Role of Pradhan Mantri Mudra Yojana (PMMY) in Promoting Atmanirbhar Bharat in Rural Jharkhand

¹Vishal Kumar

(Corresponding author)

Research Scholar,

University Department of Economics,

Ranchi University

vishalkumarecon@gmail.com

²Suyash Prabhakar

Research Scholar,

University Department of Economics,

Ranchi University

suyashprabhakar3@gmail.com

ABSTRACT

Formal transactions through bank branches are a component of institutional financial inclusion. One potential way to increase formal financial inclusion and optimize the reach of benefits like direct cash transfers is to provide banking services to the most remote regions of the nation. The rural populace is misinformed about banking rules and loan procedures due to ignorance and incomplete information, which encourages the use of informal sources and makes capital unavailable. The unavailability of capital limits the growth of the entrepreneurial setup in rural areas. The government is pursuing the national financial inclusion goals and Atmanirbhar Bharat (self-reliance) through various initiatives. The involvement of women is essential to achieving the goals of Atmanirbhar Bharat and full institutional financial inclusion. One significant indicator of societal growth is the status of women. Women make up about half of the population, and their empowerment is important for overall growth. The Hon. Prime Minister introduced the Pradhan Mantri Mudra Yojana (PMMY) on April 8, 2015, to lend up to 10 lakh rupees to small and microbusinesses that are neither farms nor corporations to end the capital funds crisis. Commercial banks, regional rural banks (RRBs), microfinance institutions (MFIS), small financing banks, non-banking financial firms (NBFCs), and other financial intermediaries distribute these loans. Improving people's quality of life and growing micro and small businesses are the primary objectives. **The objective of the paper is to investigate the role of financial inclusion and women's economic empowerment through Mudra yojana in promoting Atmanirbhar Bharat in rural Jharkhand.**

Keywords: "Financial Inclusion, Mudra Yojana, Rural Development, Women Empowerment"
(JEL Classification: G21, J16, G28, O18)

Introduction:

Financial Inclusion and Women Empowerment:

"Reserve Bank of India (RBI) defines Financial Inclusion as providing access to appropriate financial products and services to the most vulnerable group of the society in a fair, transparent, and cost-effective manner by the mainstream financial institutions." In rural communities with limited access to formal financial services, financial inclusion is especially important for promoting social and economic development. Rural women in India have a difficult time getting credit, which results in low rates of entrepreneurship, unofficial borrowing, and limited economic options. In order to overcome these obstacles, the Pradhan Mantri Mudra Yojana (PMMY), which was introduced on April 8, 2015,

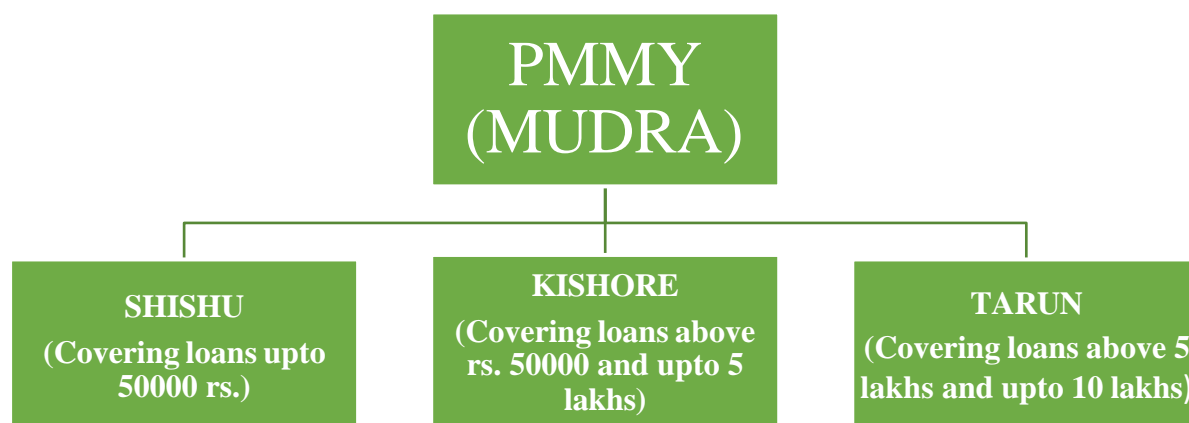
offers small and microbusinesses loans without collateral, facilitating financial accessibility and encouraging self-reliance (Atmanirbhar Bharat). This project is especially important in rural Jharkhand, where women's involvement in formal finance and entrepreneurship is still low. Since women's empowerment increases household income, decision-making authority, and economic engagement, it is crucial for rural development. The financial disparity for female entrepreneurs continues despite numerous government initiatives; women own just 20.37 percent of MSMEs and a far smaller percentage of medium-sized businesses (2.67%). The influence of PMMY on livelihood generation, entrepreneurship, and financial independence is the main subject of this study, which examines how it helps women in Jharkhand gain financial access and economic self-reliance.

Mudra Yojana and Financial Self-reliance:

The Prime Minister's April 8, 2015, announcement of the Pradhan Mantri MUDRA Yojana (PMMY), which offers loans up to ₹10 lakh, has strengthened small and micro businesses that are not corporations or farms. With a focus on women promoting female entrepreneurship and legitimizing microfinance lending by providing last-mile credit delivery to the underprivileged, women entrepreneurs will be able to integrate into society and overcome social taboos with the support of financial inclusion. Finance is the cornerstone of any organization, whether it is manufacturing things or offering services; even the best ideas must be implemented with financial support. Finance is essential for launching and running a business.

Micro Units Development & Refinance Agency (MUDRA) (2015), the wholly-owned subsidiary of SIDBI working on the agenda of 'funding the unfunded'. The goal of the MUDRA Loan Scheme is to boost the confidence of young people who want to start their enterprises for the first time as well as small businesses that already exist so they can grow. The primary goal is to raise awareness of entrepreneurship among the next generation. They also make sure to prioritize the Shishu category first, followed by Kishore and Tarun, and to support the development and expansion of small businesses. Income-generating micro businesses involved in non-farm manufacturing, commerce, or service sectors, including agriculturally related industries.

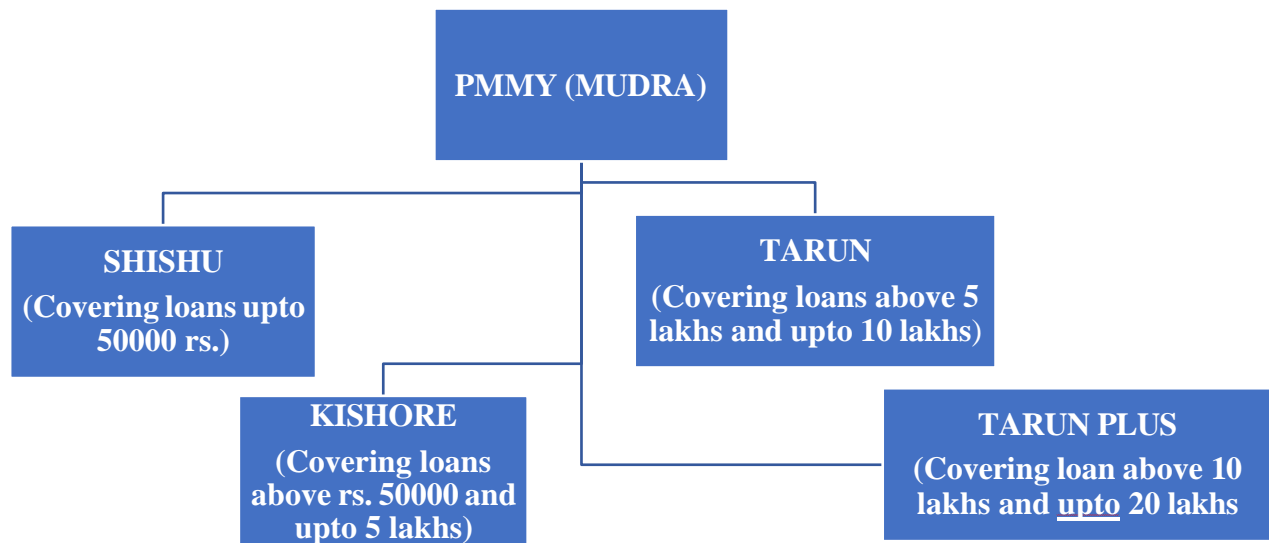
Products offered through MUDRA (Before):



Products offered through MUDRA: (Now)

On July 23, 2024, the finance minister announced that, as part of the Union Budget 2024–25, the loan cap will be increased to ₹20 lakh to better support aspiring entrepreneurs. Commencing on October 24, 2024, this revised cap came into force. Along with this news, Tarun Plus, a new loan category, is also unveiled. It provides access to money between ₹10 lakh and ₹20 lakh and

is only meant for those who have already taken out and successfully repaid loans under the Tarun category.



Literature Reviews:

(Gangadhar, 2022) Studied the performance of different categories under the MUDRA Scheme, evaluated loan sanctions by financial institutions in various states of India, and critically evaluated the Pradhan Mantri Mudra Yojana (PMMY). The study highlighted that out of the total amount sanctioned, 41% went to the women borrowers. 66% of the accounts in Shishu category belonged to women who were sanctioned 69% of the amount in the Shishu category. The reason for the high share of women in Shishu category is the lending of micro-loans by the MFIs primarily to women.

(Centre, 2018) The PM Mudra Yojana (PMMY) is a noteworthy program designed to address the credit needs of self-employed people and micro businesses, the majority of which are in the unorganized sector. The plan aids in their socioeconomic growth by removing this significant financial obstacle. There is a significant association between the creation of jobs and improved financial access for micro-entrepreneurs. Indirect jobs generated by MUDRA recipients have had a significant multiplier impact in giving semi-skilled and unskilled persons possibilities for a living.

According to (Dr.K.Jayanthi, 2019), PMMY has been a successful effort by the Indian government to support MSMEs. As a flagship program, Pradhan Mantri Mudra Yojana (PMMY) seeks to "fund the unfunded" by giving MSMEs access to reasonably priced financing and integrating them into the official financial system.

(Panchalan, 2023) emphasizes how important PMMY is for promoting economic growth by making financial services more accessible to business owners. The program's effectiveness across a range of lending environments and geographical areas was demonstrated by the findings, demonstrating its broad influence.

With an emphasis on the Pradhan Mantri Mudra Yojana in Jharkhand, (Kumari, 2024) carried out an extensive study utilizing both quantitative and qualitative data to investigate the impact of entrepreneurship on women's empowerment. According to the report, the government should provide venues for female business owners to display their goods and services at trade shows and online. It also underlined how important it is to set up platforms and networking

opportunities so that female business owners can meet possible customers, suppliers, and partners.

Objective of the study:

To explore how Mudra Yojana has enhanced women's financial access and contributed to self-reliance in the Jharkhand

1. To access the Impact of the PMMY scheme in the state of Jharkhand.
2. To study the significance of financial inclusion through PMMY in empowering women's livelihood and job creation.
3. The role of Mudra Yojana in promoting self-reliance (Atmanirbhar Bharat).

Research Methodology:

Research Design:

This study uses a descriptive research approach to examine how the PMMY plan has affected the state of Jharkhand and the importance of financial inclusion through PMMY in enabling women to create jobs and support themselves. All of the data used in this study came from secondary sources, including scholarly journals, research papers, the MSME Annual Reports, the Mudra Yojana Annual Reports, the Jharkhand Economic Survey, newspapers, books, government websites and publications, and the 2011 census.

Data Analysis and Interpretation

Table 1: Achievements Under PMMY Since Inception and loans sanctioned to women entrepreneurs

Financial Year	No. of loan PMMY sanctioned	Amount Sanctioned (Crore)	Amount Disbursed (Crore)	Loan sanctioned to Women Entrepreneurs	Amount Sanctioned to women (Crore)	Amount Disbursed (Crore) (Women Entrepreneurs)
2015-2016	34880924	137449.27	132954.73	2,29,62,461	Data Not Available	63,190
2016-2017	39701047	180528.54	175312.13	29147000	80,289.68	78,249.78
2017-2018	48130593	253677.10	246437.40	3,35,58,238	1,03,254.12	100,170.55
2018-2019	59870318	321722.79	311811.38	3,70,62,562	1,33,033.62	1,29,153.23
2019-2020	62247606	337495.53	329715.03	3,91,03,349	1,45,182	1,42,846
2020-2021	50735046	321759.25	311754.47	3,33,03,604	1,31,303	1,28,370
2021-2022	53795526	339110.35	331402.20	3,84,29,259	1,66,422	1,64,442
2022-2023	62310598	456537.98	450423.66	4,42,56,813	2,16,954	2,15,035
2023-2024	66777013	541012.86	532358.35	4,24,92,281	2,25,887	2,22,297
2024-2025 (31.01.2025)	38661488	376993.05	367796.10	-----	-----	-----

Source: (<https://www.mudra.org.in/>, 2025)

The proportion of loans approved for women has ranged from 61.9% to 73.4%, reaching a high of 73.4% in 2016–17 before falling to 63.6% in 2023–24. Women received between 40.7% and 49% of the total sanctioned amount, with 2021–2022 seeing the largest percentage (49.07%). With the exception of 2020–21, when they fell by 18.49%—likely as a result of COVID-19—loan sanctions have generally grown. Women's loan approvals likewise fell in 2020–21 (-14.83%), although they increased in the years that followed. In 2023–24, they fell somewhat

once more (-3.98%). With the exception of 2020–21 (-9.56%), the amount sanctioned to women increased steadily, peaking in 2021–22 (26.74%). Women continued to receive a sizable portion of the distributed payments, ranging primarily between 40% and 49.6%. This shows the attempt of PMMY for inclusion of women in financial services for entrepreneurship and livelihood creations.

According to the Periodic Labour Force Survey (PLFS) 2022-23 by the National Statistics Office the worker-population ratio of women employment and labour participation in overall India in the age group 15-59.



Source: (Employment, 2023-24)

The above chart shows the participation of female in worker population and labour force participation in India. The worker population ratio and labour force participation rate both accounts lower for female and the divergence can also be seen between the rural and urban setups. The participation or engagement of female is showing higher percentage in rural areas due to involvement of rural women in marginal agriculture and subsistence livelihoods. While the figures are not same for the urban areas the participation rate in the urban areas are lower than the rural areas and overall, India.

Table 2: Empowering Women with 67.93% of Loan Accounts belonging to Women Beneficiaries.

Category	2023-24			Cumulative for 9 years since inception		
	No. of Accounts	Amount sanctioned (crore)	Amount disbursed (crore)	No. of Accounts	Amount sanctioned (crore)	Amount disbursed (crore)
	Share					
Women	4,24,92,281	2,25,887	2,22,297	32,49,81,265	12,84,510	12,43,754
	63.63%	41.75%	41.76%	67.93%	44.46%	44.07%
Total	6,67,77,013	5,41,013	5,32,358	47,84,39,046	28,89,264	28,22,138

(Figures in percentage indicate their share in the total)

Source: Annual Report 2023-24 Mudra Yojana

As of 24.11.2023, out of a total of 44.46 crore loans sanctioned under Pradhan Mantri Mudra Yojana (PMMY), 30.64 crore (69%) have been sanctioned to women. Further under Stand-up India (SUPI), as of 24.11.2023, out of 2.09 lakh loans sanctioned, 1.77 lakh (84%) have been sanctioned to women entrepreneurs. (Delhi, 2023)

Table 3: The current landscape of women entrepreneurship in India

Indicator	Statistics
Total Women Entrepreneurs in India	Over 8 million
Women-led MSMEs	Approximately 20% of all MSMEs
Share in Startup Founders	About 14%

Source: (pnbindia, 2025)

Women entrepreneurship in India is still not up to the mark only 20 percent of all the MSMEs are women-led and the inclusion of women entrepreneurs in the mainstream is critical for the sustainable development goals and Atmanirbhar Bharat.

Table 4: Percentage Distribution of Enterprises in rural and urban areas (Male/ Female ownership and category)

Sector	Male	Female	All
Rural	77.76	22.24	100
Urban	81.58	18.42	100
Overall	79.63	20.37	100

Source: (Ministry of Micro, 2023-24)

According to the data of Ministry of MSME the percentage of Female ownership in the MSME sector and women entrepreneurship is overall only 20.37 percent which shows the unreached path and scope of further development in financial inclusion and women entrepreneurship.

Table 5: Percentage Distribution of enterprises owned by (Male / Female) entrepreneurs-wise:

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, 2023-24)

Among the category of ownerships of MSME or women entrepreneurs the category mostly includes the micro enterprises which accounts for 20.44 percent and the accounts for medium entrepreneurship is worsts that is only 2.67 percent.

Table 6: Distribution of Proprietary MSMEs by Gender of Owners [NSS 73rd Round]

Category	Male	Female	All
Jharkhand	1250953	310388	1561341
India	48450722	12390523	60841245

Source: (Ministry of Micro, 2023-24)

In addition to accounting for 2.56% of all MSME in India, women entrepreneurs in Jharkhand make up only 2.50% of all entrepreneurs in India, while in Jharkhand, women entrepreneurs make up just 24.81 percent of all MSMEs.

As per the National Sample Survey (NSS) 73rd round conducted during the period 2015-16, MSME sector created 11.10 crore jobs (360.41 lakh in Manufacturing, 0.07 lakh in Non-Captive Electricity Generation and Transmission, 387.18 lakh in Trade and 362.82 lakh in Other Services) in the rural and the urban areas across the country.

Table 7: Distribution of workers employed under MSME in India by gender in rural & urban areas (Numbers in lakhs)

Sector	Female	Male	Total	Share
Rural	137.50	360.15	497.78	45
Urban	127.42	484.54	612.10	55
Total	264.92	844.68	1109.89	100
Share	24	76	100	

Source: (Ministry of Micro, 2023-24)

The MSME employs only 24 percent of the women workers which is not sufficiently good for the achievement of development and self-reliance targets of the country.

Mudra Yojana in enabling financial inclusion and self-reliance in the context of Jharkhand:

The Pradhan Mantri MUDRA Yojana (PMMY) includes the Micro-Units Development and Refinance Agency (MUDRA) as one of its programs. Based on the various MUDRA Loan Program categories, the program, which was introduced in 2015, offers company loans up to Rs. 10 lakhs. The program seeks to encourage livelihood pursuits and job creation within the state. Small business owners who are involved in non-farm and related farm-related activities, such as pisciculture, beekeeping, poultry, dairying, fishing, Agri clinics, agribusiness centres, food processing, and agro-processing, can apply for loans under the program.

The East region includes Odisha, West Bengal, Bihar, Jharkhand and Chhattisgarh.

Table 8: PMMY Regional share and share of Jharkhand state in the East region

Financial Year	India		East Region		Jharkhand	
	No. of Account	Sanction Amt (crore)	No. of Account	Sanction Amt (crore)/ Disbursed	No. of Account	Sanction Amt (crore)/ Disbursed

2016-17	39701047	180528.54	1,28,38,524	43,115.35	1023593	3908.99
2017-18	48130593	253677.10	1,27,64,868	48,744.33	1212671	5233.05
2018-19	59870318	321722.79	1,86,58,660	79,581	1436968	6700.23
2019-20	62247606	337495.53	1,95,89,404	84,574	1720485	7767.09
2020-21	50735046	321759.25	1,70,88,159	85,472	1668281	8177.78
2021-22	53795526	339110.35	1,87,24,571	95,645	1777882	8615.43
2022-23	62310598	456537.98	2,10,09,744	1,24,667.22	2056159	11097.08
2023-24	66777013	541012.86	2,27,39,462	1,48,233.29	2129193	12887.57

Source: (Compiled with the help of year-wise Mudra Yojana Annual Report)

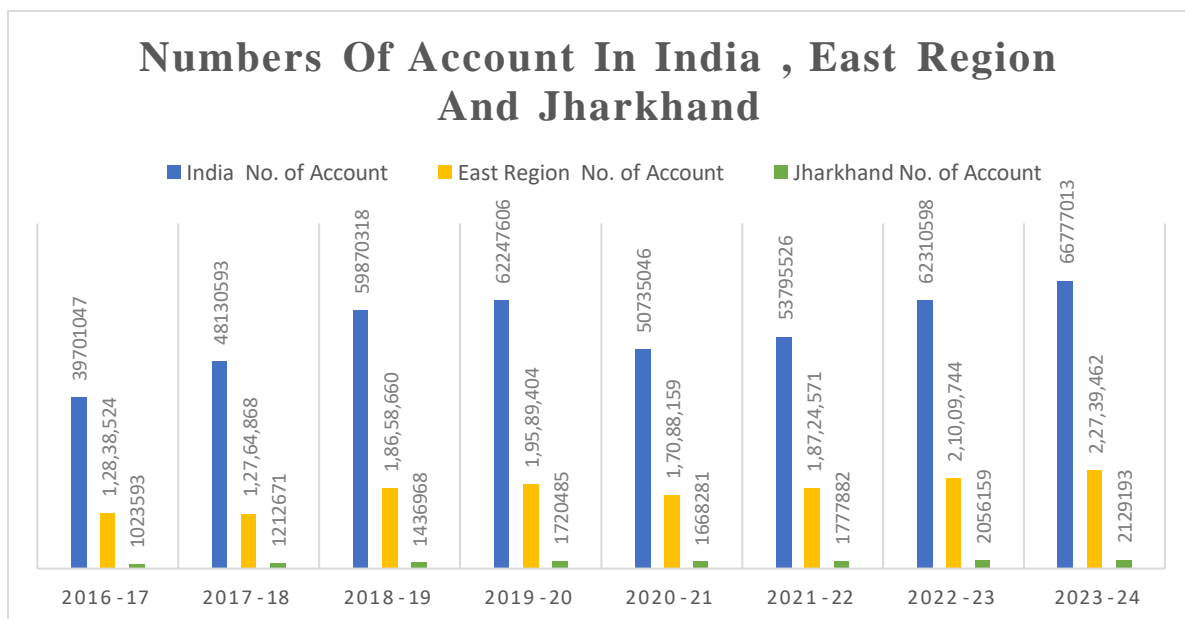
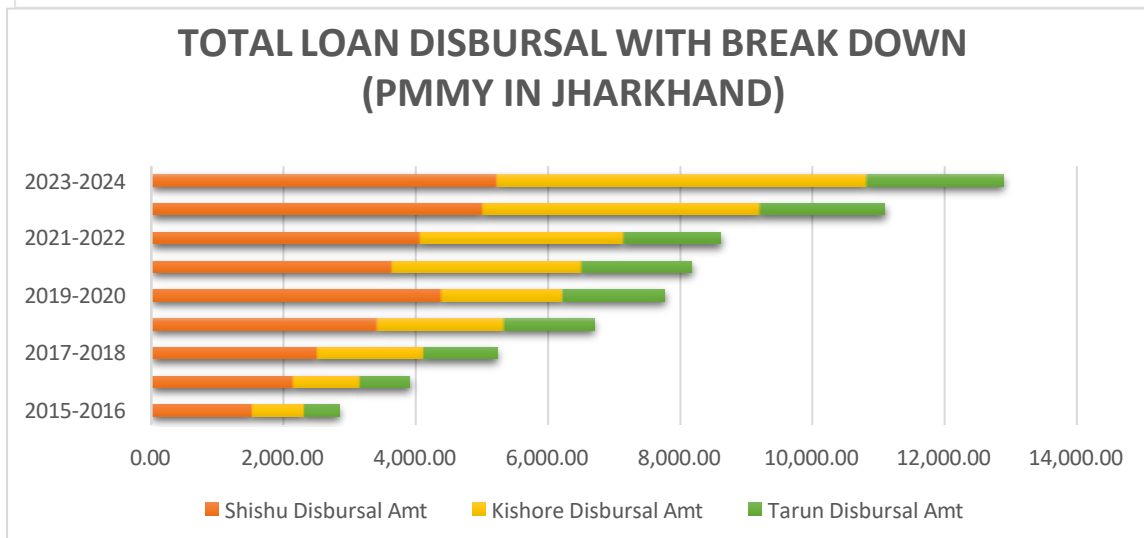
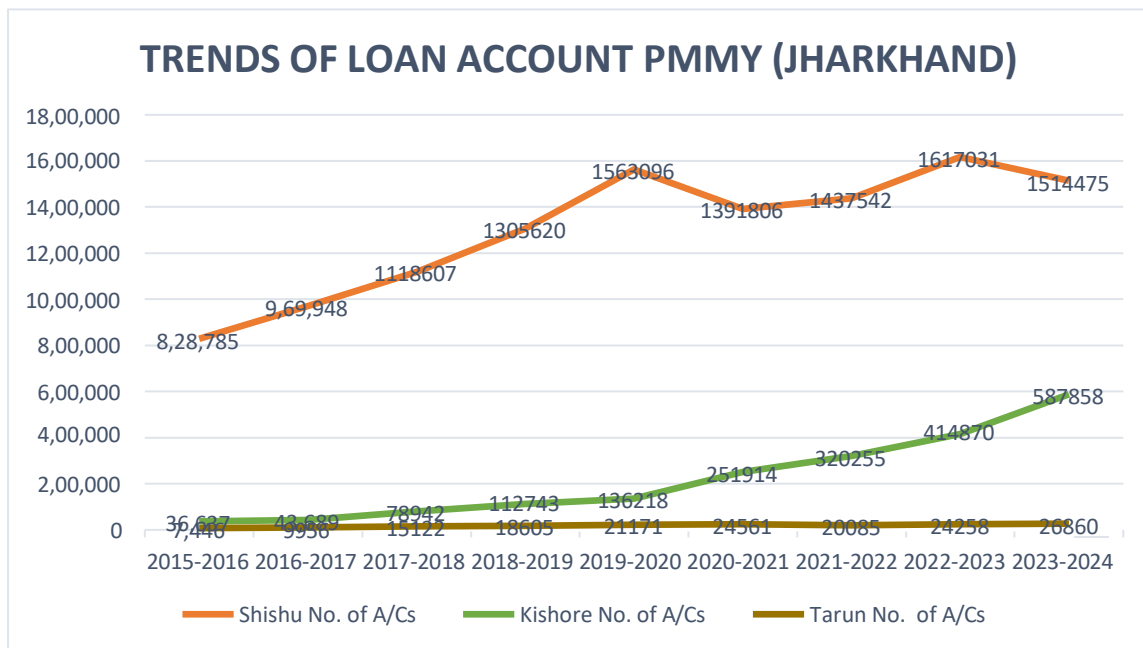


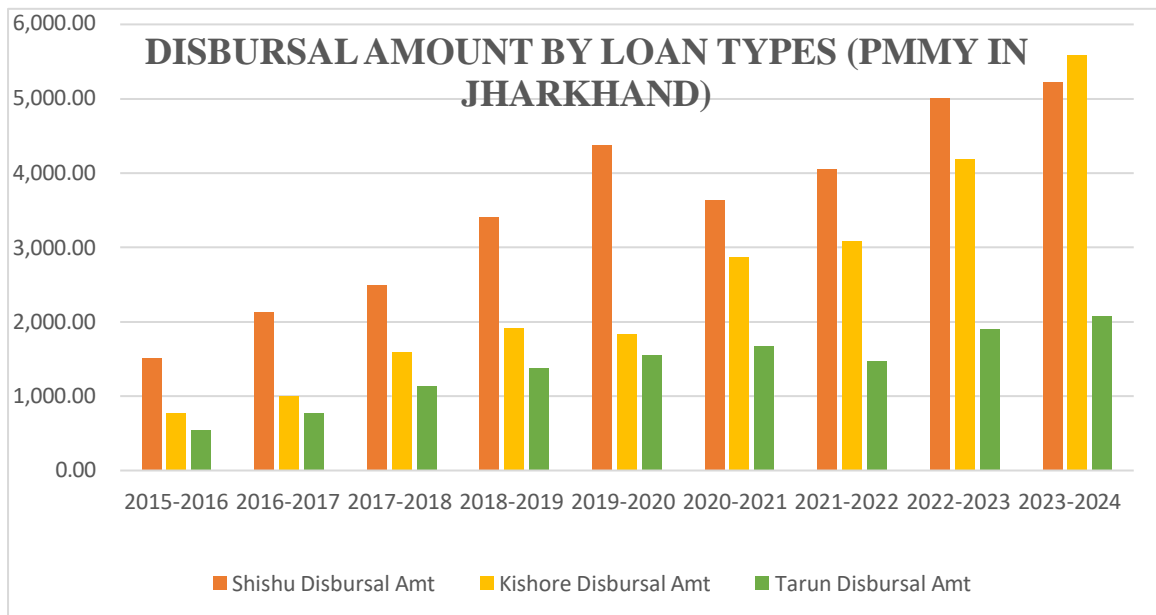
Table 9: PMMY year-wise assessment for Jharkhand state: (Amount in Crore)

Financial Year	Shishu		Kishore		Tarun		Total	
	No. of A/Cs	Disbursal Amt	No. of A/Cs	Disbursal Amt	No. of A/Cs	Disbursal Amt	No. of A/Cs	Disbursal Amt
2015-2016	8,28,785	1,515.15	36,637	780.69	7,446	549.82	872868	2845.66
2016-2017	9,69,948	2,129.45	43,689	1006.65	9956	772.9	1023593	3908.99
2017-2018	1118607	2498.51	78942	1598	15122	1136.54	1212671	5233.05
2018-2019	1305620	3412.09	112743	1911.7	18605	1376.44	1436968	6700.23
2019-2020	1563096	4380.98	136218	1836.38	21171	1549.73	1720485	7767.09
2020-2021	1391806	3634.65	251914	2869.52	24561	1673.62	1668281	8177.78
2021-2022	1437542	4057.73	320255	3081.6	20085	1476.1	1777882	8615.43
2022-2023	1617031	5008.07	414870	4192.5	24258	1896.51	2056159	11097.08
2023-2024	1514475	5223.99	587858	5585.58	26860	2078.01	2129193	12887.57

Source: compiled with PMMY State-wise performance reports of consecutive financial years.

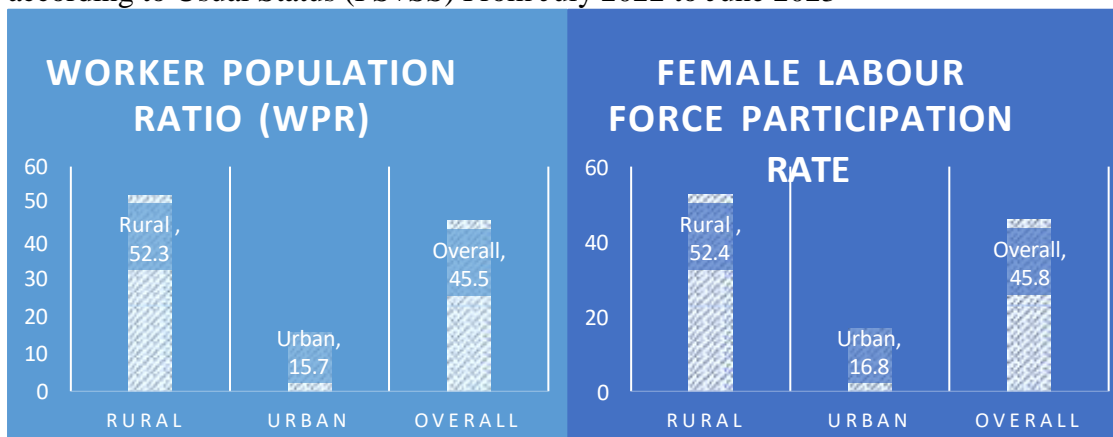
The table displays this scheme's progress in the state by fiscal year. During the 2015–16 fiscal year, around 8.7 lakh loan accounts were opened in the state under the MUDRA Loan programs. Up till the conclusion of the fiscal year 2022–2023, this amount had risen to almost 20.5 lakhs. In a similar vein, 2.78 lakh new accounts were added in just the fiscal year 2022–2023. Thus, compared to the previous fiscal year, the number of accounts has grown at an annual pace of almost 15.7% suggesting effective financial inclusion in the region. The growth in the new account under the Mudra yojana signifies financing first-time entrepreneurs which establishes the confidence in women entrepreneurs. According to the ownership category of MSME, women own more micro-enterprises, and the loan sanction to women is majorly under the Shishu and Kishore Category.





There is no direct data available for the women entrepreneurs in Jharkhand. Women financial inclusion is critical for the development and sustainable growth of the state. The growth in the account and amount disbursement has shown the penetration of financial inclusion through PMMY in the state of Jharkhand. With the help of various packages of financial services under the PMMY the accessibility to formal finance has increased which promoted confidence to the entrepreneurs basically women entrepreneurs in the rural Jharkhand.

Female Labour Force Participation Rate and Worker Population Ratio of female in Jharkhand according to Usual Status (PS+SS) From July 2022 to June 2023



Source: (Jharkhand, 2023-24)

The data above confirms that the worker population ratio and female labour force participation rate is higher in both overall and rural Jharkhand when compared to overall and rural India. The participation of female labour force in the main stream increased the family's income and uplifted the rural women's socio-economic conditions. To achieve the vision of Atmanirbhar Bharat, rural development and social and economic development of rural women is important as out of the total population of the Jharkhand state (3.29 crore as per census 2011) around 75.95 percent of the population reside in rural areas of the state. The increase in the participation in the mainstream and livelihood promotions shows the growth and change in the ecosystem for development. With its wealth of resources and youthful, plentiful labor force, Jharkhand has enormous potential for speedier and more sustainable growth. As a result, having access to sufficient funding is essential to realizing that potential.

Findings

1. Financial inclusion through PMMY

The Pradhan Mantri Mudra Yojana (PMMY) has played a crucial role in enhancing financial inclusion among women in rural Jharkhand. 67.93% of total loans have been sanctioned to women, demonstrating its role in bridging the gender gap in credit access.

2. Women's Economic Empowerment:

The PMMY has played a significant role in raising women-led enterprises, leading them to achieve their economic independence and participation in entrepreneurial activities.

Women have primarily availed loans under sections of **Shishu** and **Kishore**, indicating their involvement in micro and small enterprises.

3. Entrepreneurial Growth & Job Creation:

The increase in the number of accounts and loan disbursements suggests growing confidence in women's entrepreneurship. The scheme has facilitated employment generation, particularly in the non-farm sector (e.g., handicrafts, poultry, dairy farming, and small retail businesses).

Conclusion:

Pradhan Mantri Mudra Yojana (PMMY) has played a crucial role in promoting women's financial independence and contributing to the vision of Atmanirbhar Bharat. Through fulfilling the financial needs Mudra Yojana is working as a catalyst in the fulfilment of a self-reliant India. The data suggests that the growth in the number of beneficiaries and female participation has increased in rural Jharkhand showing the positive result of formal financial inclusion. The continuous increase in loan accounts and disbursements indicates its success, but more policy support is required in the field of business training, market linkages, and digital finance adoption.

In short, PMMY has been a game-changer for financial inclusion but requires continuous efforts to ensure sustainable women-led economic growth in Jharkhand and beyond.

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