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Assessing the Role of Pradhan Mantri Mudra Yojana in Advancing Women's Economic Empowerment in India

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Abstract
The Pradhan Mantri Mudra Yojana (PMMY), launched in 2015, serves as a flagship financial inclusion initiative, providing collateral-free microloans of up to ₹10 lakh across the Shishu, Kishore, and Tarun categories to non-corporate small enterprises, with a strong focus on empowering women entrepreneurs in India. PMMY has achieved remarkable success, sanctioning over 52 crore loans with women accounting for nearly 70% (around 35.76 crore accounts), disbursing massive sums that spurred self-employment in tailoring, food processing, and handicrafts, formalized 2.8 million women-led MSMEs, and boosted female labour participation alongside household incomes and SDG alignment on gender equality. Despite successes, challenges include gender-disparate loan sizes (women averaging ₹13,400 less), an over 80% concentration in smaller Shishu loans that limits scalability, low awareness in rural areas, digital access barriers, and uneven Kishore/Tarun uptake, particularly among women.
This study adopts a descriptive-analytical approach, utilizing secondary data from Mudra annual reports, NITI Aayog assessments, and PIB releases, spanning the period from FY2015-16 to FY2024-25. The analysis employs trend analysis, gender-wise comparisons, and pre-post-PMMY indicators to evaluate empowerment outcomes.

Keywords: Pradhan Mantri Mudra Yojana, Microfinance, Financial Inclusion, Women Empowerment, MSME.

1. Introduction:

The Pradhan Mantri Mudra Yojana (PMMY) is a financial inclusion scheme designed to provide collateral-free loans of up to ₹20 lakh.[1] to non-farm, non-corporate micro and small enterprises under the Shishu, Kishore, Tarun and Tarun Plus categories, with the core mandate of "funding the unfunded." By easing access to formal credit for micro-entrepreneurs, particularly women, PMMY directly addresses structural barriers such as lack of collateral, informality, and limited prior banking relationships that have historically constrained women's participation in income-generating activities and enterprise ownership in India. Over a decade of implementation, more than 52 crore loans amounting to over ₹32–33 lakh crore have been sanctioned, with women holding about 68% of Mudra loan accounts, positioning the scheme as a key

[1] Tarun Plus was introduced in 2024. Tarun Plus (₹10–20 lakh) was introduced only in 2024, and not consistently applied in the women's dataset historically

instrument for advancing women's economic empowerment through entrepreneurship, self-employment, and enhanced financial autonomy, thereby contributing substantially to Sustainable Development Goal 5 (SDG 5) on gender equality and women's empowerment.

SDG 5 seeks to ensure women's full and effective participation and equal opportunities for leadership and economic decision-making, making financial inclusion and access to productive resources central to its achievement. By enabling women to start, sustain, and expand microenterprises, PMMY supports multiple dimensions of SDG 5, including economic participation, reduction of gender gaps in access to finance, and strengthening women's bargaining power within households and markets. National policy documents and SDG briefs identify schemes such as the Pradhan Mantri Mudra Yojana, PMEGP, and Stand-Up India as critical levers for promoting women-led entrepreneurship and improving gender-responsive growth outcomes in India.

At the institutional level, Micro Units Development and Refinance Agency (MUDRA) Ltd functions as a specialised refinance and development agency tasked with operationalising PMMY's objectives in the micro-enterprise ecosystem. Rather than lending directly to borrowers, MUDRA Ltd provides refinance support to banks, regional rural banks, cooperative banks, NBFCs, MFIs, and small finance banks, which in turn extend MUDRA loans to eligible micro and small enterprises, including a large base of women-owned businesses. In addition, MUDRA Ltd undertakes developmental functions such as standardising loan products, promoting best practices, supporting financial literacy and capacity-building interventions, and strengthening credit monitoring systems measures that enhance the quality, reach, and sustainability of credit delivery to women micro-entrepreneurs and reinforce PMMY's contribution to SDG 5.

Categories of Mudra loans under PMMY:

Category	Loan amount range	Typical stage of business (indicative)
Shishu	Up to ₹50,000	Very early / start-up stage, micro activities
Kishore	Above ₹50,000 and up to ₹5 lakh	Growing micro unit needing expansion capital
Tarun	Above ₹5 lakh and up to ₹10 lakh	Established small unit scaling operations
Tarun Plus	Above ₹10 lakh and up to ₹20 lakh	Graduated Tarun borrowers seeking higher funding

Mudra Yojana and Sustainable Development Goal:

Mudra Yojana plays a key role in SDG 5 by giving easy loans to women for starting businesses, which boosts gender equality and empowers them economically. Over 70% of its loans are allocated to women entrepreneurs, helping them achieve financial independence and reduce poverty gaps. The Pradhan Mantri Mudra Yojana (PMMY) advances SDG 5 by providing collateral-free loans that enable women to readily launch micro-enterprises such as shops, farms, or service-based ventures. It specifically targets rural women, fostering their entry into employment and leadership positions. Enhanced household incomes from these initiatives further improve access to education and healthcare. In India, the scheme effectively tracks progress toward women-led economic growth.

SDG 5 emphasizes achieving gender equality, and the Pradhan Mantri Mudra Yojana (PMMY) plays a transformative role in realizing this goal by enabling women to become entrepreneurs. Through the sanctioning of billions of rupees in loans, most of them to women, the scheme addresses long-standing barriers such as limited financial resources and restricted access to formal banking. By empowering women to start and expand small businesses, PMMY not only promotes income generation and job creation but also uplifts families from poverty. This financial inclusion, particularly in rural areas, fosters regional development and directly supports India's broader sustainable development agenda.

2. Literature Review

According to Sen (1999), development is the expansion of human capabilities and freedoms rather than mere income enhancement. In the context of women's empowerment, access to financial resources enhances women's economic capabilities by enabling them to pursue entrepreneurial activities and independent livelihoods. The Pradhan Mantri Mudra Yojana, by providing collateral-free institutional credit to micro-entrepreneurs, acts as a capability-enhancing intervention. It expands women's opportunities to establish and manage enterprises, thereby converting financial resources into economic functions such as self-employment and income generation. PMMY contributes to strengthening women's agency and financial independence, which are core dimensions of economic empowerment.

Pradhan Mantri Mudra Yojana (PMMY) has been widely examined for its contribution to women's empowerment, and numerous studies and official assessments highlight its positive effects on financial inclusion and entrepreneurship among women. Recent work by **Mahadule (2025**), based on a descriptive design, underscores the pivotal role of Shishu loans, noting that more than 60% of these loans were sanctioned to women, thereby enhancing their economic participation and enabling micro-enterprise formation. **Agarwal, M., & Dwivedi, R. (2017)** conclude that PMMY represents a transformative financial inclusion initiative by the Government of India, successfully disbursing over Rs. 175,312 crore by FY 2016-17 to micro-enterprises, exceeding targets and aiding weaker sections. It highlights strong performance among women entrepreneurs (46% share) and states like Assam and Rajasthan, alongside SWOT insights emphasizing low rates and guarantees as strengths. Despite challenges like unawareness and regulatory overlaps, the scheme boosts entrepreneurship, employment, and GDP when implemented effectively. Recommendations urge greater focus on minorities, women, and simplified processes to maximize its game-changing potential.

The Kumar et al. paper (2015) concludes that the Mudra loan scheme effectively funds unfunded small entrepreneurs in non-corporate sectors, addressing credit gaps for 5.77 crore micro-units via Shishu, Kishor, and Tarun categories up to Rs. 10 lakh. It highlights banks' rapid disbursements (Rs. 23,544 crore by September 2015), led by public and private sectors, fostering competition, asset growth, and market penetration. Advantages include collateral-free lending, quick processing, JLG formation for recovery, and CSR benefits like job creation and unorganized sector formalization. The scheme aligns with "Make in India," boosts GDP through employment (12 crore jobs via small units), and empowers women SHGs with low default rates. Future scope emphasizes paperless, cash-flow-based lending to sustain growth and nation-building**. Dhanalakshmi, U. (2020**) concludes that PMMY, launched in 2015, serves as a transformative initiative by GOI, providing collateral-free loans (Shishu, Kishore, Tarun up to Rs. 10 lakh) to micro-entrepreneurs, fostering financial inclusion for weaker sections. Survey data from 25 Chennai beneficiaries reveals high awareness (90%), effective utilization for business expansion and working capital, and strong disbursements (Rs. 158,842 crore in FY 2019-20). The scheme promotes self-employment, reduces reliance on usurious lenders, and builds banking habits among women, minorities, and low-income groups. Recommendations include increasing loan limits, awareness camps, transparent rejections, and improved public-bank interactions to enhance impact. Proper implementation positions PMMY as a game-changer for economic growth and competition.

Shashank and Mayya (2022) examined awareness levels across states, with Maharashtra exhibiting a 70% female share in PMMY loans, and emphasized the scheme's catalytic role in MSME development**.**

The NITI Aayog-commissioned KPMG report (2023) evaluates the Pradhan Mantri Mudra Yojana (PMMY) achieving INR 18.39 lakh crore disbursed to 34.93 crore accounts with 98% target attainment despite a covid dip, strong women participation (71.4% accounts in FY2022), and Shishu dominance (86% accounts) alongside regional disparities (South/East leading, Northeast lagging) and rising NPAs (22.51% CAGR in accounts, highest in public banks). It highlights persistent MSME challenges like collateral shortages and processing delays via secondary/primary analysis with 19 MLIs, recommending enhanced outreach campaigns, digitization (e-KYC, portals, chatbots), CGFMU guarantee reforms, centralized databases, and performance-based MLI recognition to improve scheme design, implementation, and monitoring for sustainable financial inclusion. **The NITI Aayog (2024)** assessment revealed that women accounted for 71.4% of PMMY accounts in FY2022, with notable acceleration in the Kishore category**.**

Objectives of the Study

1. To track the year-by-year increase in women's accounts, sanctions, and disbursals.
2. To evaluate how women utilize the Shishu, Kishore, and Tarun loan categories, using disbursal-to-outstanding ratios to determine the long-term viability of these loans.
3. To assess how COVID-19 affected loan demand among women and to analyze the strength of the recovery in lending
4. To calculate annual percentage changes in funding to identify specific periods where credit access for women either sped up or slowed down.

3. Methodology of the Study

To assess the impact of the Pradhan Mantri Mudra Yojana (PMMY) on female entrepreneurs, this study adopts a descriptive and analytical research design spanning the decade from 2015 to 2025. The investigation focuses on identifying longitudinal trends by examining key performance indicators, including the total number of accounts opened, the volume of credit sanctioned, and the actual funds disbursed. This analysis is supported entirely by secondary data retrieved from authoritative government repositories, such as the official Mudra portal and NITI Aayog's impact evaluation reports. By synthesizing these official publications, the study seeks to provide a comprehensive evaluation of how credit accessibility has evolved for women in India over time.

Data Analysis

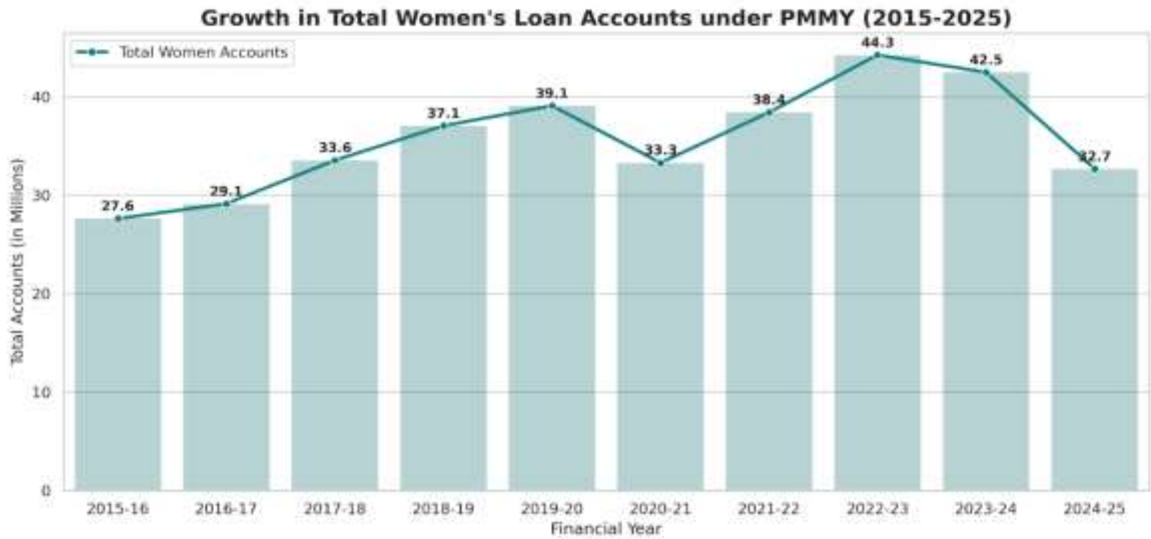
Quantitative data analysis will be conducted in Microsoft Excel to calculate year-over-year (YoY) growth rates and the relative share of specific loan categories, including the peak-level proportion of Shishu accounts. The study will use visual data tools, including line graphs to map temporal trends in disbursements and pie charts to represent the compositional distribution of loan types.

4. Data Analysis and Interpretation

4.1. Growth of PMMY Coverage among Women Beneficiaries (2015–16 to 2024–25)

4.1.1 Growth in Total Women's Loan Accounts under PMMY

The growth in total women's loan accounts under the Pradhan Mantri Mudra Yojana (PMMY) reflects a decade of significant expansion, followed by economic volatility. Starting in the 2015-16 fiscal year with approximately 2.76 crore accounts, the program saw steady year-over-year growth, peaking at 3.91 crore accounts by 2019-20. This trajectory was interrupted in 2020-21 by a 14.8% decline, likely due to the global pandemic's impact on small-scale entrepreneurship. The sector demonstrated remarkable resilience, with a sharp recovery over the following two years, reaching an all-time high of 4.42 crore accounts in 2022-23. While the numbers for 2023-24 and the current 2024-25 cycle show a downward trend, with the latest figure at 3.26 crore, the overall data highlights massive cumulative



Source: PMMY Annual Reports

outreach that has provided millions of women with access to institutional credit, predominantly through the "Shishu" category of loans.

4.1.2 Trends in Sanctioned Amounts for Women Beneficiaries

The trends in sanctioned amounts for women beneficiaries under PMMY demonstrate a powerful upward trajectory in financial inclusion and capital allocation over the last decade. From an initial sanction of ₹82,183 crore in 2015-16, the total amount grew substantially, surpassing the ₹1 lakh crore mark by 2017-18 and reaching a peak of ₹2.25 lakh crore in 2023-24. While the number of accounts saw a sharper dip during the 2020-21 pandemic year, the sanctioned amount proved more resilient, declining by only 9.56% before rebounding with explosive growth of 26.7% and 30.4% in the subsequent two years. The data highlights a shift toward higher-value credit, as evidenced by the sanctioned amounts growing at a faster cumulative rate than the number of accounts. Although the Shishu category continues to provide the foundation for micro-entrepreneurship, the overall increase in total sanctioned funds reflects a deepening of credit reach and a scaling up of women-led enterprises across the Kishore and Tarun categories.

4.1.3 Trends in Disbursed Amounts for Women Beneficiaries

The trends in disbursed amounts for women beneficiaries under PMMY reflect a high rate of credit realization, with actual fund distribution closely following sanctioned amounts. Starting from **₹63,190 crore** in 2015-16, total disbursements saw a consistent rise, crossing the ₹1 lakh crore milestone in 2017-18 and reaching a peak of **₹2.22 lakh crore** in 2023-24. Similar to other metrics, there was a temporary contraction of approximately 10.1% during the 2020-21 pandemic year, but this was followed by a sharp recovery, including a significant 30.7% surge in 2022-23.

Notably, the disbursement data reveals a maturing profile of women entrepreneurs; while the "Shishu" category (up to ₹50,000) initially dominated the landscape, there has been a substantial increase in the share of "Kishore" (₹50,000 to ₹5 lakh) and "Tarun" (₹5 lakh to ₹10 lakh) disbursements in recent years. For instance, by 2024-25, Kishore disbursements surpassed Shishu disbursements for the first time in the recorded period, indicating that women-led businesses are increasingly seeking and receiving higher levels of capital to scale their operations.

4.1.4 Assessment of PMMY Expansion for Women Entrepreneurs

The expansion of the Pradhan Mantri Mudra Yojana (PMMY) for women entrepreneurs over the past decade indicates a strategic shift from basic financial inclusion toward substantive enterprise scaling. An assessment of the data reveals three critical trends in this expansion:

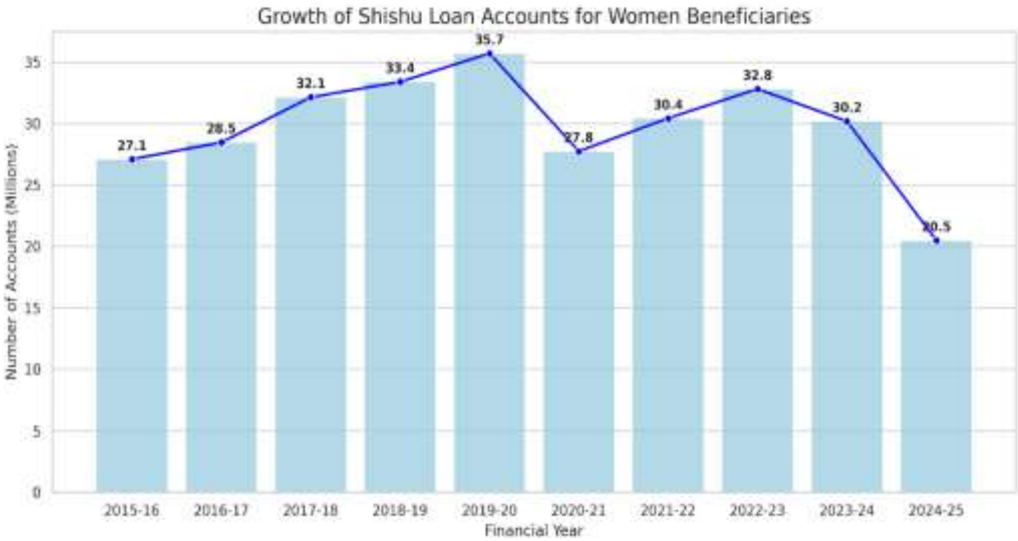
First, there has been a significant increase in the **average loan size**, which nearly tripled from **₹22,872** in 2015-16 to **₹63,500** in 2024-25. This suggests that women entrepreneurs are not only entering the formal credit system in larger numbers but are also graduating to higher credit requirements as their businesses mature.

Second, the **portfolio mix** has undergone a structural transformation. In the early years of the scheme, "Shishu" loans (up to ₹50,000) accounted for over 98% of all women's accounts. By 2024-25, this share decreased to approximately 62.7%, while "Kishore" loans (₹50,000 to ₹5 lakh) surged to represent over 36% of the portfolio. This migration from micro-consumption or entry-level credit to mid-tier business loans reflects a successful "graduation" of women-led micro-enterprises into more sustainable small businesses.

Finally, the **disbursement efficiency** has remained remarkably high, consistently hovering between 97% and 99% after the initial rollout year. This indicates a streamlined administrative process where sanctioned credit is effectively reaching the beneficiaries. The PMMY expansion for women has moved beyond just increasing the "number of beneficiaries" to deepening the "quality of credit," empowering women to manage larger capital outlays and transition from subsistence-level activities to growth-oriented enterprises.

4.2 Category-wise Performance of PMMY for Women Beneficiaries

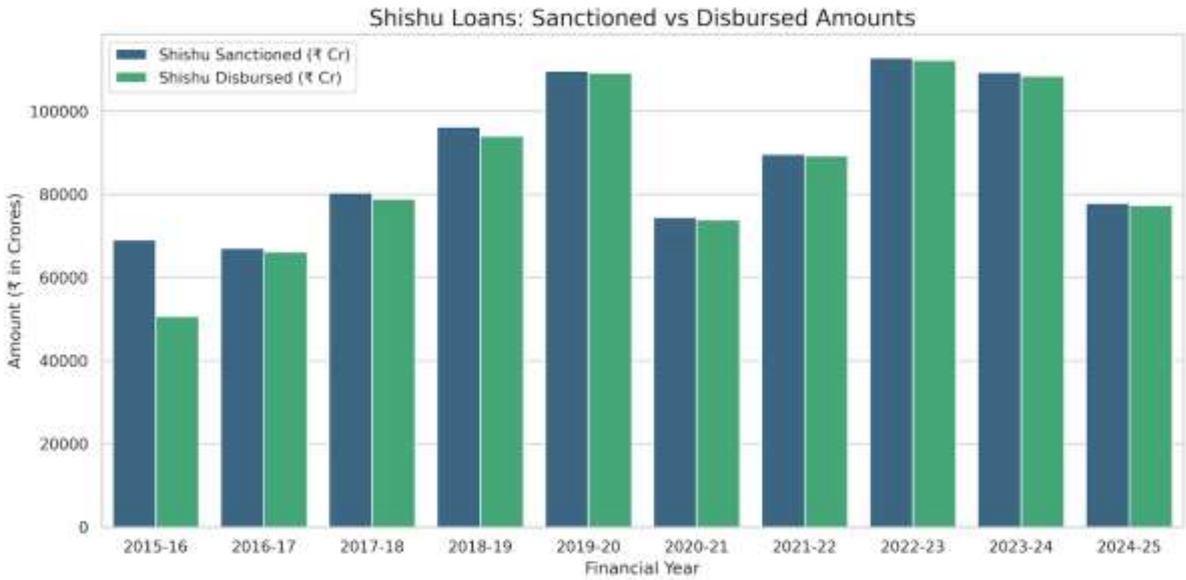
4.2.1 Performance of Shishu Loans for Women Beneficiaries



Source: PMMY Annual Reports

The performance of the Shishu loan category (loans up to ₹50,000) for women beneficiaries under PMMY serves as the foundational pillar of the scheme, though its dominance has evolved significantly over the decade. In the initial years, Shishu loans represented the overwhelming majority of women's participation, accounting for 98.1% of all accounts and 80.1% of total disbursements in 2015-16. This category peaked in terms of volume in 2019-20 with 3.57 crore accounts and a disbursement of ₹1.09 lakh crore.

While the absolute number of Shishu accounts saw a contraction during the pandemic (dropping to 2.77 crore in 2020-21) and has shown a relative decline in share to 62.7% by 2024-25, the average loan size within the Shishu bracket has actually increased—rising from ₹18,684 to ₹37,727. This suggests that even at the entry-level, women entrepreneurs are utilizing a greater portion of the available ₹50,000 limit. The overall trend indicates that while Shishu loans remain the primary entry point for millions of women into formal finance, the scheme's "graduation effect" is moving a larger proportion of the population toward higher-tier Kishore and Tarun loans.



Source: PMMY Annual Reports

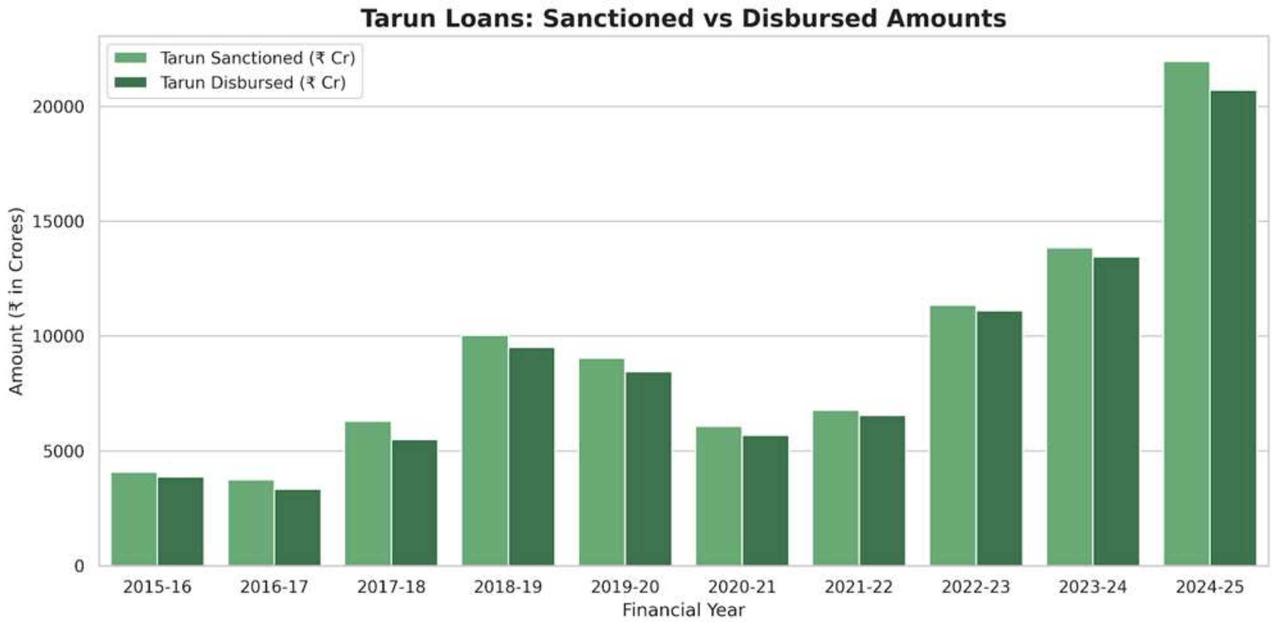
4.2.2 Performance of Kishore Loans for Women Beneficiaries

The performance of **Kishore loans** (loans between ₹50,000 and ₹5 lakh) for women beneficiaries under PMMY highlights the most significant area of growth and business scaling within the scheme. Initially, a small segment of the portfolio in 2015-16—accounting for only **1.71% of total accounts** and **13.7% of disbursements**—the Kishore category has expanded exponentially to become a dominant force. By the 2024-25 period, Kishore accounts rose to about 36% of total accounts but contributed over 50% of total disbursed value. This dramatic rise, particularly visible after 2020-21, indicates that women entrepreneurs are increasingly transitioning from micro-level activities to more established, capital-intensive small businesses. While the number of Kishore accounts increased from about 4.73 lakh to nearly 12 lakh, the total disbursed amount skyrocketed from **₹8,675 crore** to over **₹1.04 lakh crore**. This shift underscores the success of the scheme in fostering a "graduation" path, where women are not just entering the economy but are actively scaling their ventures with higher credit limits.

4.2.3 Performance of Tarun Loans for Women Beneficiaries.

The performance of Tarun loans (loans between ₹5 lakh and ₹10 lakh) for women beneficiaries under PMMY represents the high-value segment of the scheme, targeting established women-led enterprises ready for substantial expansion. While this category remains the smallest in terms of the total number of accounts—never exceeding 1% of the total account share—it has shown a significant surge in financial impact recently. Starting from a disbursement of ₹3,875 crore in 2015-16, the Tarun category witnessed a dramatic increase in 2024-25, reaching a peak disbursement of ₹20,707 crore.

A unique characteristic of the Tarun segment is its high average loan size, which has consistently hovered around ₹6.9 lakh to ₹7.5 lakh, reflecting its role in providing serious capital for sophisticated business needs. Despite its low volume of accounts, the Tarun category's contribution to the total disbursed amount doubled in the latest period, jumping from approximately 6% in 2023-24 to 10.2% in 2024-25. This trend underscores a growing tier of high-performing women entrepreneurs who are successfully accessing maximum credit limits to drive larger-scale economic activity.



Source: PMMY Annual Reports

4.3 Impact of COVID-19 on PMMY Lending to Women Beneficiaries

4.3.1 Pre-COVID Trends in Women's Loan Uptake (2015–16 to 2019–20)

The pre-COVID period from 2015–16 to 2019–20 was characterized by a rapid and consistent expansion of credit uptake among women beneficiaries under PMMY. During these five years, the total number of loan accounts held by women grew by **41.5%**, rising from **2.76 crore** to **3.91 crore**. Even more significant was the growth in financial volume, with total disbursements skyrocketing by **126%**, increasing from **₹63,190 crore** in the inaugural year to **₹1.42 lakh crore** by the end of 2019-20. This era established the foundational success of the scheme, driven primarily by the high-volume "Shishu" category, which accounted for over 90% of the accounts. The steady year-on-year increase in both account numbers and capital distribution during this phase reflects a period of intensifying financial inclusion and the successful integration of millions of women into the formal micro-credit ecosystem before the global economic disruptions of 2020.

4.3.2 COVID-19 Shock and Its Impact on Women Beneficiaries (2020–21)

The COVID-19 pandemic delivered a significant shock to the PMMY ecosystem for women beneficiaries during the 2020–21 financial year, resulting in a 14.8% contraction in the total number of loan accounts, which fell from 3.91 crore to 3.33 crore. This downturn was most acutely felt in the Shishu category, where the number of accounts plummeted by 22.3% (a loss of nearly 8 million accounts), indicating that entry-level micro-entrepreneurs were the most vulnerable to the economic lockdowns. Total disbursements and sanctioned amounts also saw double-digit declines of approximately 10%, reflecting a generalized tightening of credit and reduced business activity. Interestingly, while the high-value Tarun category experienced a staggering 79.4% drop in accounts, the Kishore category's share increased sharply, even as total accounts declined. This suggests a complex internal shift where many existing businesses may have sought mid-tier credit to sustain operations or restructured their requirements, even as the primary pipeline for new micro-entrepreneurs was severely restricted by the pandemic's disruptions.

4.3.3 Post-COVID Recovery Trends among Women Beneficiaries (2021–22 onwards)

The post-COVID recovery period from 2021–22 onwards signifies a phase of robust resurgence and qualitative strengthening for women beneficiaries under PMMY. Following the pandemic-induced dip, the scheme witnessed a powerful "V-shaped" recovery, with the total number of accounts jumping by 15.4% in 2021–22 and another 15.2% in 2022–23, reaching an all-time peak of 4.42 crore accounts. Even more impressive was the recovery in financial terms; total disbursements grew by 28.1% and 30.8% in those consecutive years, respectively, signalling that women entrepreneurs were returning to the market with higher capital requirements.

This recovery phase is also marked by a structural shift toward the Kishore category, which continued to grow in both account numbers and value even as the entry-level Shishu segment stabilized. By 2023–24, while the number of accounts saw a slight correction to 4.25 crore, the total disbursed amount reached a record high of ₹2.22 lakh crore, proving that the post-pandemic landscape is defined by larger, more resilient women-led enterprises. Although the 2024–25 figures show a temporary decline, the overall recovery trajectory confirms that women beneficiaries have not only reclaimed their pre-pandemic presence but have successfully scaled their participation to record-breaking financial heights.

4.4 Year-on-Year Growth Analysis of PMMY Credit to Women Beneficiaries

4.4.1 Year-on-Year Percentage Change in Sanctioned Amounts

The Year-on-Year (YoY) percentage change in sanctioned amounts for women beneficiaries reflects the dynamic funding environment of the PMMY scheme. After a marginal dip of -2.3% in the second year (2016-17), the sanctioned amounts saw explosive growth of 28.6% and 28.8% over the next two years, signalling a rapid scale-up in credit allocation. The momentum slowed slightly in 2019-20 (+9.1%), followed by a -9.6% contraction during the peak pandemic year of 2020-21. However, the recovery was robust, with sanctioned funds surging by 26.7% in 2021-22 and hitting a decade-high growth rate of 30.4% in 2022-23. The most recent full-year data for 2023-24 shows a continued increase of 4.1%, while the 2024-25 figure shows a -7.8% change, reflecting the ongoing fiscal cycle.

4.4.2 Year-on-Year Percentage Change in Disbursed Amounts

The Year-on-Year (YoY) percentage change in disbursed amounts for women beneficiaries highlights the actual flow of credit and the resilience of women entrepreneurs under the PMMY scheme. Following a strong start, disbursements saw high double-digit growth rates of 23.8%, 28.0%, and 28.9% between 2016 and 2019, reflecting the rapid scale-up of the program. While the pace moderated to 10.6% in 2019-20, the subsequent -10.1% dip in 2020-21 marked the only period of contraction, caused by the pandemic. The recovery was swift and powerful, with growth rebounding to 28.1% in 2021-22 and peaking at 30.8% in 2022-23. The trend remains significant as the total disbursed amount reached its highest level of ₹2.22 lakh crore in 2023-24.

4.4.3 Identification of High-Growth Phases under PMMY

Phase 1: Early Adoption & Rapid Scaling (2017–18 to 2018–19)

This initial high-growth phase was marked by double-digit expansion across all key performance indicators.

Total accounts grew by over 15% in 2017-18, while sanctioned and disbursed amounts surged by approximately 28-29% for two consecutive years. This period represented the successful maturation of the scheme's delivery mechanism, where the initial rollout moved into a phase of deep penetration into the micro-enterprise sector.

Phase 2: Post-Pandemic Resurgence (2021–22 to 2022–23)

Following the contraction in 2020-21, the scheme entered its most aggressive growth phase to date. Disbursed amounts saw record-breaking growth of 28.1% and 30.8% in 2021-22 and 2022-23, respectively. Total accounts also rebounded with a steady 15% YoY growth. This phase was characterized by a "capital deepening" effect, where women entrepreneurs didn't just return to the market but did so with significantly higher credit requirements, particularly within the Kishore category.

4.5 Findings

Looking at PMMY data for women from 2015-16 to 2024-25, it's clear the scheme has grown a lot—more women getting loans, bigger amounts sanctioned and disbursed, helping them build real businesses, not just survive. Even with COVID hitting hard in 2020-21, it bounced back strong, showing how tough women entrepreneurs are.

Shishu loans (tiny ones) still lead the way, perfect for starting small shops or daily work, but more women are moving to Kishore and Tarun for growing their businesses, but in smaller numbers, but taking bigger steps up. Growth rates tell the story that Kishore exploded as women scaled up, and Tarun steadily grew for serious expansion. Repayment looks solid. Women pay back reliably, especially small loans, and higher unpaid amounts in bigger categories just mean longer business terms, not trouble. COVID slowed things, but post-2021 recovery proves these enterprises can handle shocks. PMMY is no longer just giving loans. It's creating lasting women-owned businesses and real financial freedom. Still, to take it further, we need training, market help, and support beyond money so more women can climb to bigger success.

4.6 Policy Implications

4.6.1 Facilitating Graduation from Shishu to Higher Loan Categories

The persistent dominance of Shishu loans indicates strong outreach but also highlights limited upward mobility among women entrepreneurs. Policymakers should introduce structured graduation pathways that incentivise women borrowers to transition from Shishu to Kishore and Tarun categories. This may include step-up loan products, preferential interest rates for repeat borrowers with good repayment histories, and simplified documentation for category upgrades. Such measures would encourage enterprise expansion and reduce long-term dependence on micro-credit.

4.6.2 Strengthening Sustainability through Post-Loan Support

The rising outstanding credit in the Kishore and Tarun categories reflects deeper engagement with formal finance but also increases repayment responsibility. To ensure sustainability, PMMY should be complemented with post-loan support mechanisms, including business mentoring, financial literacy programmes, and market linkage facilitation. Integrating PMMY with existing entrepreneurship development schemes can enhance managerial capacity and improve repayment outcomes, particularly for women-led small enterprises.

4.6.3 Enhancing Resilience against Economic Shocks

The COVID-19 period revealed the vulnerability of women entrepreneurs to external shocks, despite overall resilience. Policy frameworks should institutionalise counter-cyclical support mechanisms, such as flexible repayment schedules, emergency credit lines, and temporary interest subventions during crises. These measures would help stabilise women-owned enterprises and prevent long-term financial exclusion during economic downturns.

4.6.4 Addressing Loan Size Disparities and Sectoral Constraints

Loan size disparities across categories suggest that women entrepreneurs often remain confined to low-capital enterprises. Policymakers should encourage sector-specific credit support for women in growth-oriented activities such as manufacturing, agri-processing, and services. Tailored credit products aligned with sectoral capital requirements can enable women entrepreneurs to move beyond subsistence-level activities and participate more effectively in value chains.

4.7.5 Leveraging PMMY for Inclusive and Sustainable Development

The findings confirm that PMMY contributes directly to women's economic empowerment (SDG 5). To maximise this impact, PMMY should be positioned not merely as a credit scheme but as a comprehensive empowerment platform. Greater convergence with skill development missions, digital financial services, and women-focused entrepreneurship programmes can enhance long-term outcomes and reinforce inclusive growth.

Concluding Note: PMMY has been successful in expanding credit access for women entrepreneurs. Its transformative potential lies in deepening inclusion, promoting enterprise scaling, and strengthening resilience. Policy interventions that combine credit with capability-building and institutional support are essential for ensuring that PMMY evolves from a financial inclusion initiative into a catalyst for sustainable women-led economic development.

4.8 Limitations of the Study

The study relies solely on national-level aggregate data for women beneficiaries, without incorporating any primary data, such as surveys or interviews, that could capture the real experiences, challenges, or success stories of women borrowers. The study also lacks demographic granularity, meaning that there is no disaggregation by caste (SC/ST), rural-urban location, or sector, which restricts a deeper intersectional analysis aligned with SDG 5 on gender equality. The research is limited to descriptive time-series analysis and does not employ econometric models to establish causal links between PMMY participation and women's empowerment. The analysis provides static snapshots rather than tracking borrowers' dynamic journeys or enterprise survival over time and overlooks macroeconomic factors such as GDP growth or broader MSME policy shifts that may influence credit uptake patterns.

4.9 Areas for Further Research

Future research should prioritize region-specific PMMY data analysis to uncover regional variations in women beneficiary performance. Primary field surveys of Shishu, Kishore, and Tarun women borrowers would provide qualitative insights into real barriers, success stories, and category progression journeys missing from secondary aggregates. Econometric studies using difference-in-differences or propensity score matching could establish causality between PMMY lending and women's empowerment outcomes, distinguishing scheme effects from macroeconomic influences. Longitudinal tracking of individual borrower trajectories over 3-5 years would reveal Shishu-to-Tarun graduation rates. Caste-specific analysis of SC/ST women and evaluating post-loan training/market linkages would enhance intersectional SDG 5 linkages.

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