



## Financial Inclusion through PMMY: Assessing the Growth of Women Entrepreneurs in Vidarbha

Divya Arvind Mahadule, Research Scholar, Datta Meghe Institute of Management Studies, Nagpur  
Dr. Shiney Chib, Professor & Research Supervisor, Datta Meghe Institute of Management Studies, Nagpur

### Abstract

A more inclusive financial system is pivotal for driving the economy and giving voice to marginalized groups, particularly female entrepreneurs. The Pradhan Mantri Mudra Yojana (PMMY) was launched with the objective of enhancing the financial accessibility of small and medium enterprises by the way of collateral-free microcredit. The key purpose of this research investigation is to assess the impact of PMMY on the growth and sustainability of women-owned firms in Vidarbha. This research provides an empirical examination of indicators such as company growth, income, job creation, and financial stability many years after a loan has been disbursed. Our research approach was quantitative and was based on secondary data collected from official documents and primary data composed through structured questionnaires. Descriptive and inferential statistics were employed to quantify the significance of financial benefits among women entrepreneurs. The findings reveal that PMMY has made a huge difference to women entrepreneurs, unlocking new opportunities, increasing earnings and promoting financial independence. However, factors such as a lack of financial knowledge, insufficient mentoring and accessibility issues limit the plan to effective use. While PMMY has made significant contributions to the boost of entrepreneurialism and financial inclusion, an MFIs' report in the Economic Times warns that the program cannot survive on its own and need targeted interventions, such as financial literacy programs, upskilling programs and admittance to financial advisory services to provide a sustainable impact over the long haul. The research has important perceptions for policymakers, financial institutions, and other stakeholders in India to make PMMY more effective for women entrepreneurs.

**Keywords:** Financial Inclusion, Pradhan Mantri Mudra Yojana (PMMY), Women Entrepreneurs, Microfinance, Business Growth, Vidarbha.

### Introduction

In emerging markets such as India's where a noteworthy percentage of the population is unbanked, financial inclusion is one of the key catalysts for social and economic development. In particular, it is very tough for women entrepreneurs to prosper in getting loans because of institutional obstacles, lack of guarantee and gender-based financial discrimination. In 2015, the Government of India introduced Pradhan Mantri Mudra Yojana (PMMY) to offer microcredit to MSMEs without requiring collateral. This initiative targets meeting the country's increasing demand for inclusive financial assistance mechanisms. Financial assistance is facilitated through three kinds of loans—Shishu (up to ₹50,000), Kishore (₹50,001 to ₹5 lakh) and Tarun (₹5 lakh to ₹10 lakh)—to empower and strengthen marginal villagers, particularly women. PMMY also helps women entrepreneurs to avail better opportunities in terms of self-employment as well as self-dependency.

The area of Vidarbha in Maharashtra presents a unique opportunity to examine the impact of PMMY on women entrepreneurs. While the region is not known as an agricultural power, newly there has been an upsurge in the number of women operating enterprises in the manufacturing, retail, service, and agricultural sectors. However, microfinance programmes alone are insufficient in assisting women entrepreneurs in Vidarbha in overcoming challenges like poor credit availability, lack of knowledge about financial goods, and difficulties in maintaining a profitable firm. The efficacy of this program in bridging such gaps still remains an empirical question, rendering this research crucial to address how much PMMY has assisted in the advance of women businesses in the province.

The broader aim of this investigation is to assess the effectiveness of PMMY as a measure for company growth, fiscal sustainability/development, employment generation, and entrepreneurship. The end goal is to formulate general recommendations for program success



in achieving financial inclusion among female entrepreneurs in Vidarbha output. The respondents of the quantitative study are women business owners who have obtained PMMY loans. The research is underpinned by secondary sources of data including government publications, reviews of bank sector welterings and previous academic studies. The post examines key metrics like borrowing, income, profitability, workforce growth, and beneficiary challenges. Statistical methods including descriptive statistics and paired t-tests provide additional evidence about PMMY's effectiveness in improving women entrepreneurs' financial outputs.

It is indeed a significant step towards financial empowerment, but in terms of its actual pros and cons differ from region to region and demographic group to demographic group. There is a need for policymakers to know how the PMMY program actually impacts the women entrepreneurs in Vidarbha (India) to enhance the PMMY program and its outreach, and also to devise means like expeditious loan processing, mentoring programs, and financial literacy to encourage women entrepreneurs in the region. The study also aims to suggest ways that can enhance the accessibility and effectiveness of PMMY to ensure dispersal of financial assistance is more accessible to women company owners to continue and grow their enterprises. This study underwrites to this larger dialogue about the role of microfinance in making developing areas more economically resilient, gender-based entrepreneurship, and the need for financial inclusion.

### **Literature review**

(Ozli et al., 2021) In this way, digital access to bank accounts or mobile money services enable rural women to lead more financially inclusive lives, both with regard to daily transactions and larger purchases, and to be more engaged than they would otherwise have been in the formal economy. You can do public interest things for women can afford cell phone. It will need some subsidy to connect affordable broadband internet for women to access mobile banking either via mobile phone through them.

Research carried out in developing countries is especially affected by this phenomenon (Sheik, 2021). Many scholars have also commented on the inapplicability of directly extrapolating from investigations of male entrepreneurs to female entrepreneurs. The reasoning behind it, is that although the same factors affect the entrepreneurial mindsets of men and women, the relative importance of these factors differs by sex. Improving access and use of reliable official financial services is just two of the many vital steps needed to place women onto the road to being successful business owners.

Yonusalwa is the name of the year 2023. The advantages of becoming part of the financial system have always been apparent. Yet, there remains a gender gap in the financial services and products offered to men and women in many parts of the world. This is owing to the scarcity of gender-differentiated data across many knowledge areas on financial inclusion. When the people and companies of every background can access the banking and other financial services they need to succeed, we call this inclusive financial system membership.

One study by Sharmila et al. (2021) Creating a bank account or use of formal banking services is one of the keys of financial inclusion. It incentivizes savings and access to credit, which facilitates remittances, government payments, salaries, etc. When it comes to financial inclusion, political and social factors like income inequality and education levels matter more. If they are not, women who are the breadwinners of their families would have had to rely on informal financing sources.”

“The global challenge of financial inclusion is real with almost two billion people still unbanked,” said Saketh Reddy In 2020 What this means is that the very large number of people in the world (about 70%) have access to some basic forms of financial services, including checking accounts, savings accounts, debit cards, or similar. Things of interest to schools, universities, governments, academics and, society is the potential combination of various distinctive variables. Inclusive finance and personal characteristics, especially gender, are the most vital components involved in generating inclusive development.



These studies were based on secondary data and literature reviews (Nasrin, 2012). But this research relies on original data gathered from urban ghettos. There are several good reasons for examining women's empowerment in this study. For starters, women represent 50% of the workforce, but have much lower penetration of commercial financial channels. Second, it remains to be seen whether the government and RBI have succeeded in increasing the number of women who have access to formal financial services. Third, unlike in other emerging countries, gender-based data on household level financial inclusion plan access and use is accessible for India. Fourth, most research on financial inclusion has been conducted to analyze existing approaches to rural poor inclusion and to devise new ones that would extend the economic participation of the rural poor. That being said, the literature is not as attentive to the degree of financial inclusion of the slum dwellers. This matters because understanding how the urban poor save, spend, and manage their credit could translate into more inclusive policies and programs.

According to Laxmi (2012), the main goal of social inclusion policies is to build a just society free of discrimination and exclusivity. This means ensuring that they all enjoy basic human rights, and protecting their health, social, economic, and political well-being. The ultimate aim is rapid, equitable economic growth. The third is towards sustainable development, along with an evolving, evidence-based system of planning and governance that makes optimal use of monetary, social, technical and human resources.

### **Objectives of the study**

1. To evaluate the impact of **Pradhan Mantri Mudra Yojana (PMMY)** on the financial growth of women entrepreneurs in Vidarbha.
2. To study the relationship between **financial inclusion and entrepreneurial success** under PMMY.
3. To identify policy recommendations for enhancing the effectiveness of **PMMY for women entrepreneurs**.

### **Hypothesis for the Study**

**Null Hypothesis (H<sub>0</sub>):** There is no significant relationship between financial inclusion and entrepreneurial success under **Pradhan Mantri Mudra Yojana (PMMY)**.

**Alternative Hypothesis (H<sub>1</sub>):** There is a significant relationship between financial inclusion and entrepreneurial success under **Pradhan Mantri Mudra Yojana (PMMY)**.

### **Research Methodology**

This study used quantitative research method to evaluate the impact of Pradhan Mantri Mudra Yojana (PMMY) on women entrepreneurs of Vidarbha region. The primary data were collected using a structured questionnaire administered to women entrepreneurs who availed themselves of PMMY loans. The questionnaire comprised various sections, which included demographic information, loan utilization, business performance, financial stability, employment generation, and challenges. We used a stratified random sampling approach to achieve representation from a range of business sectors including manufacturing, retail and services. Additionally, available secondary data sources, including government reports, banking sector records and academic publications, were used to provide additional context for the study. We also performed hypothesis testing using correlation to find out the consequence of change in business performance before and after PMMY loan availed. Using correlation and regression analysis the study further inspected the connection amongst financial inclusion and success in entrepreneurial ventures. SPSS and Microsoft Excel were used for data analysis to increase accuracy and reliability. The studies as a whole provide empirical evidence on the extent to which PMMY has contributed to advancing financial empowerment and sustainability of women entrepreneurs in the Vidarbha region.

### **Table: Descriptive Statistics of Key Variables**



Variable	N	Mean	Standard Deviation	Minimum	Maximum
Loan Amount Received (₹)	200	2,75,000	85,000	50,000	10,00,000
Business Revenue Before PMMY (₹)	200	3,80,000	1,25,000	1,50,000	12,00,000
Business Revenue After PMMY (₹)	200	5,60,000	1,85,000	2,00,000	15,00,000
Number of Employees Before PMMY	200	2.5	1.2	1	8
Number of Employees After PMMY	200	4.3	1.8	2	12
Business Expansion Score (1-10)	200	7.2	1.5	3	10
Financial Literacy Score (1-10)	200	6.8	1.7	2	10

### Analysis of Descriptive Statistics

Referencing descriptive data, the PMMY has greatly helped women business owners in the Vidarbha area. With a diverse range of financial assistance under PMMY, the average amount of loans that businesses got was ₹2,75,000, some availing loans as low as ₹50,000 and some going up to ₹10,000,000. Talking about the income of the firm, it increased from 3,80,000 ₹ before PMMY to 5,60,000 ₹ after PMMY. This means that the assistance provided was essential for the business to be able to expand and become profitable.

The average number of workers per organization also increased, from 2.5 to 4.3, indicating PMMY loans helped enterprises scale up and generate employment. Business Expansion Score: On average, company owners had a relatively high business expansion score of 7.2 out of 10 indicating they were quite confident and successful in expanding operations. This score reflects their views on growth potential. Similarly, the average financial literacy score was 6.8, which showed that women business owners have picked up some money management skills, although, they might still need to improve their financial acuity and decision-making skills.

All these have made Vidarbha women financially independent and successful entrepreneurs through PMMY which helped increase household income and created jobs and increased awareness of personal finance among the people, the results indicated. Yet, more robust studies are needed to determine whether or this improvement is statically significant and sustainable in the long term.

### Pearson Correlation Analysis Table

Variables	Business Revenue Growth	Employment Growth	Business Expansion Score
Loan Amount Disbursed	<b>0.78</b>	<b>0.65</b>	<b>0.71</b>
Financial Literacy Score	<b>0.72</b>	<b>0.59</b>	<b>0.68</b>
Ease of Credit Access Score	<b>0.74</b>	<b>0.62</b>	<b>0.70</b>

### Analysis of Hypothesis Testing

According to the findings of hypothesis testing the chances of women business owner to succeed in business are more when they get PMMY funding in Vidarbha. However, based on the Pearson correlation analysis, it was found out that all the key indicators of financial inclusion (loan amount, financial literacy, and ease of credit access) were positively correlated to entrepreneurial success indicators (business Revenue growth, employment generation, and



business expansion) one another. The strongest relationship was found between number of loans disbursed and growth in business revenue ( $r = 0.78$ ,  $p < 0.01$ ), indicating that access to PMMY loans greatly contribute to business revenues.

However, according to paired t-test results, PMMY loans received businesses experienced significant growth in income, employment, and financial literacy scores. The observed changes in company performance before and after loan disbursements— none of it was due to chance, as evidenced by all p-values  $< 0.05$ . The outcomes disclose that there is a noteworthy association amongst financial inclusion and entrepreneurial performance under PMMY, thus rejecting the null hypothesis ( $H_0$ ) and substantiating the alternative hypothesis ( $H_1$ ).

To summarize, the hypothesis testing result indicates that PMMY plays a significant role in empowering female entrepreneurs through enhancing their personal financial literacy, access to capital, and business growth. These insights highlight the need for sustained funding and expansion of financial inclusion programs for women living in the Vidarbha region to enable them to start their own businesses.

### **Conclusion**

It is a comprehensive analysis of impact of Pradhan Mantri Mudra Yojana (PMMY) for financial inclusion and growth of the companies, for women Entrepreneurs in Vidarbha region. As per the findings, PMMY has played a key role in enabling women to become better entrepreneurs by provisioning easier access to finance, contributing with higher levels of financial literacy and enabling business expansion.

According to the descriptive data and hypothesis testing, PMMY loans have made significant of contributions to business income, job creation, and overall financial stability. The Pearson correlation study found a positive correlation between entrepreneurial success indicators (revenue growth, employment growth and expansion of company score) with characteristics of financial inclusion (loan amount, financial literacy and accessibility of credit access).

The outcomes of the investigation established the alternative hypothesis ( $H_1$ ) which indicates that financial inclusion and entrepreneurship success as predicted by PMMY are positively correlated with one another. Female entrepreneurs who participated in the program demonstrated increased company sustainability, financial management skills, and growth potential.

PMMY has empowered women business owners by providing access to finance, leading to the expansion of their business and making them self-reliant. But, if we want stable and inclusive growth over the longer term, we also need policy initiatives that endure and support that growth over the long term. The report underlines the importance of steps to encourage entrepreneurship and financial inclusion to ensure women in Vidarbha and beyond remain in the driver's seat of economic growth.

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