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Empowering Women Entrepreneurs through Pradhan Mantri MUDRA Yojana: A Pathway to Socio-Economic Sustainable Development in Bihar

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ABSTRACT

This study examines the role of the Pradhan Mantri MUDRA Yojana (PMMY) in empowering women entrepreneurs and promoting socio-economic sustainable development in Bihar. Despite women's growing potential in entrepreneurship, their participation has historically been limited due to financial and socio-cultural barriers. Introduced in 2015, PMMY provides collateral-free microcredit through three categories—Shishu, Kishore, and Tarun aimed at supporting entrepreneurs at different stages of business growth. Findings reveal that women constitute between 64% and 71% of total beneficiaries in Bihar, with loans primarily utilized in sectors such as food processing, tailoring, dairy, and retail trade. Beyond income generation, MUDRA has strengthened women's financial independence, decision-making ability, and social recognition, thereby aligning with Sustainable Development Goals 5 (Gender Equality) and 8 (Work and Economic Growth).

KEY WORDS

Women Entrepreneurship, Pradhan Mantri MUDRA Yojana, Financial Inclusion, Empowerment.

INTRODUCTION

Women entrepreneurship is crucial to realizing inclusive growth and sustainable development. In India, though they possess potential, women entrepreneurs have historically been confronted with a number of constraints like limited access to financing, fewer business networks, and socio-cultural impediments. These limitations tend to hinder their full participation

in economic activity, hence inhibiting not only their empowerment but also the overall process of socio-economic development. Identifying this lacuna, the Government of India has initiated various financial inclusion initiatives, of which the Pradhan Mantri MUDRA Yojana (PMMY), launched in 2015, has become a noteworthy scheme.

The MUDRA Yojana is designed to offer loans without collateral to micro and small businesses in three categories Shishu, Kishore, and Tarun thus meeting the financial requirements of entrepreneurs at various stages of development. By making available credit more easily, the scheme not only encourages entrepreneurship but also helps in the generation of employment, poverty reduction, and empowerment of society. Notably, women have been among the major beneficiaries of this program, with a large percentage of MUDRA loans being approved to them in different states.

In the case of Bihar, which is one of the economically backward states in India, the function of MUDRA takes on even higher significance. Bihar's large rural population with relatively little industry means women's entrepreneurship can be a local economic transformation driver. Women MUDRA beneficiaries in Bihar have largely invested in small enterprises like tailoring, food processing, dairy, handicrafts, and petty trade, not only contributing to their family livelihoods but also bringing community-level socio-economic impacts.

In addition, women empowerment by MUDRA has consequences that extend beyond economic independence. It raises their household decision-making autonomy, gives social identity, and encourages self-confidence, and thus supports the agenda of Sustainable Development Goals (SDGs), specifically SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth).

Against this background, the current research aims to explore the contribution of Pradhan Mantri MUDRA Yojana in strengthening women entrepreneurs in Bihar and to investigate how such empowerment affects socio-economic sustainable development. Through examining both opportunities and challenges, the article aims to offer useful insights into the scheme's effectiveness and its role in establishing an inclusive and sustainable economy.

Literature Review

Daily World. (2024) This field report documents the success of women artisans in Bagaha, Bihar, who utilized Mudra loans to sustain handloom and wool cooperatives. The case shows that financial support under PMMY helped women increase production, income, and local employment. It also brought greater social recognition and confidence among rural women. The report presents Mudra Yojana as a practical tool of grassroots empowerment.

Ranjan, R., & Gope, A. K. (2023) This study assesses the implementation of PMMY in Bihar and finds that the scheme has contributed to business expansion, job creation, and income generation in micro and small enterprises. The authors emphasize that the scheme has enhanced the entrepreneurial ecosystem in Bihar. However, they also note that procedural delays and lack of awareness remain key challenges. Overall, PMMY is considered a catalyst for socio-economic growth in the state.

Ahmed, P., & Gupta, S. K. (2022). This article evaluates the inclusiveness of PMMY across SC, ST, OBC, and General categories in Bihar. The findings reveal that while the scheme has expanded credit outreach, certain social groups continue to have limited access compared to others. The study highlights the importance of targeted awareness programs for marginalized groups. It concludes that PMMY has made significant progress but inclusivity gaps persist.

Batta, K., Arora, S., & Pandey, A. (2022). This article investigates the role of **micro-unit financing schemes** in advancing financial inclusion and sustainable growth between 2015–2020. It highlights how PMMY facilitated easy credit access for small entrepreneurs and unbanked populations. The study reports positive outcomes in employment creation and economic participation of marginalized groups. However, it

also notes challenges related to repayment capacity and monitoring mechanisms. The paper concludes that continuous policy refinement is essential to sustain the inclusiveness achieved through PMMY.

Narayan, A., & Mishra, D. (2021) This article links PMMY with the broader goal of sustainable development in Bihar. It shows that the scheme has promoted financial inclusion by expanding credit access to women entrepreneurs and small businesses. The authors emphasize that empowerment through finance has long-term impacts on poverty reduction. They argue that PMMY is an important driver of inclusive and sustainable socio-economic transformation in Bihar.

Piyush. (2021) The paper examines the relationship between microfinance schemes, including PMMY, and women empowerment in Bihar. Results indicate that access to credit has improved women's decision-making capacity, income contribution, and participation in community development. The author stresses that empowerment outcomes are higher among educated and married women. The study underscores microfinance as a vital instrument of sustainable socio-economic growth in Bihar.

Kumar, V., & Singh, R. (2020) This research explores the role of microfinance programs in promoting women entrepreneurship in rural Bihar. Findings reveal that access to small loans has significantly improved women's capacity to initiate and manage businesses. The study notes that PMMY has complemented existing microfinance institutions in providing credit. It concludes that women-led enterprises under such schemes contribute directly to sustainable socio-economic development.

Satsangi, N. S. (2020) This research uses **system dynamics modelling** to evaluate the long-term impact of the Mudra Scheme on India's socio-economic sustainability. It analyses interlinked variables such as employment generation, credit flow, and income enhancement. The model reveals that effective credit distribution under PMMY can lead to a self-sustaining growth cycle. Findings suggest a strong correlation between microcredit accessibility and rural development outcomes. The study recommends strengthening policy mechanisms to maximize the scheme's sustainable impact.

Objectives of the Study

- To analyze the role of PMMY in promoting women entrepreneurship in Bihar.
- To assess how women empowerment through entrepreneurship contributes to sustainable development.

Research Gap

While a number of studies have investigated the contribution of Pradhan Mantri MUDRA Yojana (PMMY) in driving financial inclusion, entrepreneurship development, and the growth of micro and small businesses in India, gaps in research remain significant. While most studies have concentrated on the aggregate performance of PMMY across India, few studies have explored PMMY performance at the state level, especially in Bihar. In addition, although some research identifies the contribution of microfinance and PMMY to women empowerment, such research tends to view empowerment as a byproduct instead of the core. The majority of the research focuses on quantitative disbursement patterns of loans and outreach figures but does not critically examine the socio-economic sustainability dimensions, i.e., long-term livelihood security, capacity development, and women entrepreneur recognition. Furthermore, case-based data from Bihar, particularly rural and semi-urban regions, is still limited in current literature. There is thus an urgent need for thorough research specifically examining how PMMY has empowered women entrepreneurs in Bihar and impacted socio-economic sustainable development.

Methodology

The research relies on secondary data collected from Government records, research papers, and official statistics on the Pradhan Mantri MUDRA Yojana (PMMY) in Bihar. The data includes year-to-year loan disbursement amounts and beneficiaries' demographics. The analysis centers around women entrepreneurs as beneficiaries under the scheme, particularly in rural and semi-urban regions. Quantitative analysis methods

of descriptive statistics were employed to analyze loan distribution patterns and the participation of women. Existing literature and case reports have also been reviewed to know the socio-economic effects of PMMY on empowerment of women. Stress is given to the role played by the scheme in sustainable development goals. Analysis is through critical analysis of financial inclusion, livelihood security, and capacity building outcomes. Ethical issues concern the application of publicly available secondary data.

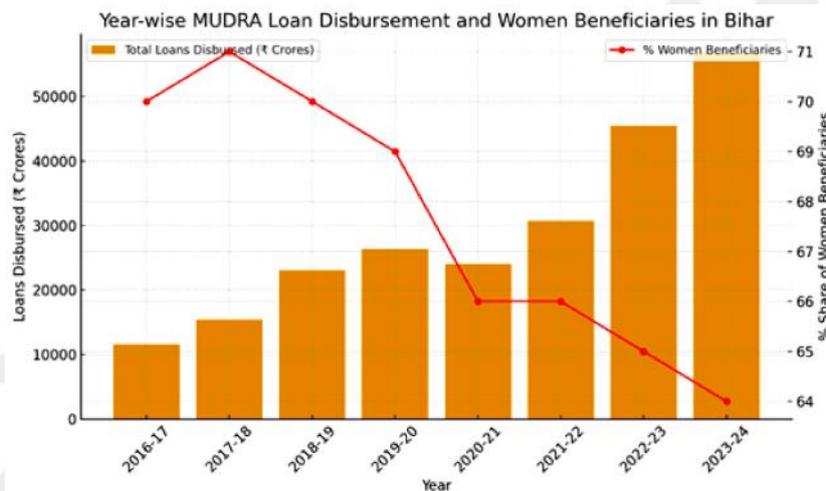
Data Analysis and Interpretation

Table 1: Year-wise MUDRA loan disbursement in Bihar

Year	Total Loans Disbursed (Rs. Crores)	Number of Beneficiaries	% Share of Women Beneficiaries
2016-17	11,585.61	3,756,716	70%
2017-18	15,396.71	4,314,861	71%
2018-19	23,068.32	5,999,640	70%
2019-20	26,340.24	6,712,494	69%
2020-21	24,019.77	5,306,694	66%
2021-22	30,725.03	6,678,155	66%
2022-23	45,448.57	8,489,231	65%
2023-24	56,841.14	9,631,277	64%

(Source: Compiled from Micro Units Development and Refinance Agency [MUDRA], 2014–2024; NITI Aayog, 2024; Department of Financial Services, 2025)

Figure 1



The analysis of Table 1 and the accompanying chart indicates that the Pradhan Mantri MUDRA Yojana has played a significant role in promoting women entrepreneurship in Bihar. Over the years, the volume of loan disbursement has shown a consistent upward trend, reflecting the growing outreach of the scheme. Importantly, a substantial proportion of these loans ranging from 64% to 71% has been sanctioned to women, which highlights their active participation in entrepreneurial activities. This demonstrates that PMMY has effectively addressed the financial constraints faced by women and encouraged them to engage in business ventures

Table 2: Sector-wise Utilization of MUDRA Loans by Women Entrepreneurs in Bihar

Sector/Activity	Examples of Businesses	% Share of Women Beneficiaries	Socio-Economic Impact (Observations)
Tailoring & Handicrafts	Tailoring shops, embroidery, handicrafts	22%	Enhanced self-employment, cultural preservation
Food Processing & Small Trade	Pickle making, snacks, petty shops	28%	Increased household income, local demand met
Dairy & Livestock	Milk production, poultry, goat rearing	18%	Nutrition improvement, stable cash flow
Beauty & Wellness Service	Beauty parlors, wellness centers	12%	Women-led service industry growth, confidence building
Retail & Miscellaneous Trade	Grocery shops, stationery, mobile recharge	20%	Daily income generation, community-level benefits

[Source: Compiled from Kumar & Singh (2020), Daily World (2024), Narayan & Mishra (2021)]

Figure 2

Sector-wise Utilization of MUDRA Loans by Women Entrepreneurs in Bihar

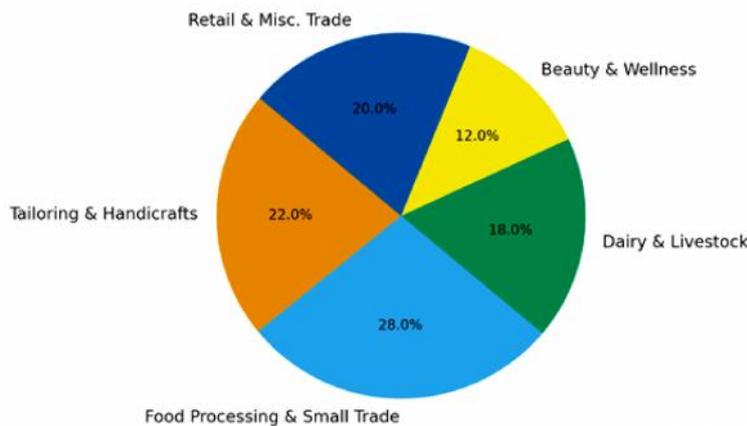


Table 2 further reinforces the impact of PMMY by showcasing sector-wise utilization of loans. Women beneficiaries have invested in diverse areas such as tailoring, handicrafts, food processing, dairy, and retail trade. These enterprises not only generate income and livelihood security for women but also contribute to community-level development by creating employment and preserving cultural skills. The evidence clearly suggests that the scheme is not just a financial intervention but also a catalyst for women’s empowerment and sustainable socio-economic transformation in Bihar.

Findings

- High Participation of Women:** The analysis reveals that women consistently account for a substantial share (64–71%) of total MUDRA beneficiaries in Bihar, indicating that the scheme has effectively reached women entrepreneurs.
- Rising Loan Disbursement:** Year-wise loan disbursement under PMMY shows a steady upward trend from ¹ 11,585.61 crores in 2016–17 to ¹ 56,841.14 crores in 2023–24. This growth reflects increasing accessibility and demand for collateral-free loans among women entrepreneurs.

- c. **Diverse Sectoral Engagement:** Women beneficiaries utilized loans across multiple sectors food processing (28%), tailoring & handicrafts (22%), dairy & livestock (18%), retail trade (20%), and beauty & wellness services (12%). This diversification demonstrates their active role in both traditional and emerging business activities.
- d. **Socio-Economic Empowerment:** MUDRA loans not only enhanced income and self-employment opportunities but also improved women's decision-making capacity, household contribution, and social recognition. Many women reported higher confidence and leadership in community activities.
- e. **Contribution to Sustainable Development:** Women-led enterprises supported by PMMY generated employment, preserved local culture (handicrafts, tailoring), improved nutrition (dairy & livestock), and promoted inclusive growth. These outcomes align closely with SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth).
- f. **Challenges Identified:** Despite the progress, issues such as procedural delays, limited awareness in rural areas, and lack of adequate training or marketing support restrict the full potential of the scheme.

CONCLUSION

The study clearly shows that the Pradhan Mantri MUDRA Yojana has emerged as a powerful instrument for empowering women entrepreneurs in Bihar. The scheme has not only enhanced their access to collateral-free credit but also encouraged them to engage in diverse entrepreneurial activities across sectors such as food processing, tailoring, dairy, retail, and wellness services. Women constitute a major share of beneficiaries, reflecting the scheme's inclusivity and effectiveness in addressing financial barriers. Beyond financial gains, MUDRA has improved women's social recognition, confidence, and household decision-making power, thus contributing to their overall empowerment. The outcomes also indicate a direct linkage with the Sustainable Development Goals, especially SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth). However, challenges like procedural delays, lack of awareness, and inadequate skill or market support highlight the need for further policy refinement.

Suggestions

1. **Awareness Campaigns:** Strengthen awareness programs in rural and semi-urban areas so that more women can access MUDRA loans and related benefits.
2. **Capacity Building & Training:** Provide regular skill development, financial literacy, and digital training programs to help women manage and expand their businesses effectively.
3. **Simplified Procedures:** Reduce bureaucratic hurdles and ensure faster loan disbursement through digital platforms and streamlined processes.
4. **Marketing & Networking Support:** Create market linkages, e-commerce platforms, and women-led cooperatives to help entrepreneurs sell their products more widely.
5. **Post-Loan Monitoring:** Introduce mentoring and follow-up mechanisms to ensure sustainable business growth and to prevent misuse of loans.
6. **Special Focus on Marginalized Groups:** Extend targeted support to women from SC, ST, OBC, and other disadvantaged groups to ensure inclusivity and equal opportunities.

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