

An Analysis of the Performance of Pradhan Mantri MUDRA Yojana (PMMY)

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Abstract:

The Pradhan Mantri MUDRA Yojana (PMMY), launched in April 2015, represents a flagship initiative by the Government of India aimed at “funding the unfunded” by providing access to institutional finance for non-corporate, non-farm small/micro-enterprises. This paper analyzes the performance of PMMY since its inception, focusing on its key objectives: enhancing credit flow to micro-enterprises, promoting financial inclusion, fostering entrepreneurship, and generating employment. The study employs a descriptive and analytical methodology, primarily utilizing secondary data from official government sources, financial institutions, and existing research literature. Key performance indicators examined include loan disbursement trends (across Shishu, Kishor, and Tarun categories), outreach to target segments (including women, SC/ST/OBC entrepreneurs), geographical distribution, impact on job creation, and the management of Non-Performing Assets (NPAs). The analysis reveals significant achievements in terms of loan volume and outreach, particularly benefiting women and marginalized communities, thereby contributing substantially to financial inclusion. However, challenges related to regional disparities, loan utilization monitoring, documentation hurdles for borrowers, and rising NPAs in certain segments are also identified. The paper concludes by summarizing the scheme’s successes and shortcomings, offering policy recommendations for enhancing its effectiveness and sustainability, and suggesting avenues for future research.

Keywords:

Pradhan Mantri MUDRA Yojana (PMMY), Microfinance, MSME, Financial Inclusion, Entrepreneurship, India, Non-Performing Assets (NPA).