MUDRA Loans and Capabilities Approach For Financial Inclusion of Women

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This paper explores the impact of the Pradhan Mantri Mudra Yojana ('PMMY') on women's entrepreneurship and financial inclusion in India. Using Amartya Sen's Capability Approach, it examines how access to microfinance enhances women's opportunities, freedom, and well-being. Drawing on Don Milani's educational philosophy, the study highlights the role of education and skill development in maximising these benefits. While the PMMY has expanded entrepreneurial opportunities, many women remain underserved due to structural barriers. The present paper also uses the proportionate change in loan distribution to calculate the growth of every year to understand the position of MUDRA loan and its impact on financial inclusion of women. The paper advocates for policies that not only ensure financial access but also equip women with the necessary skills and education (positive rights) to fully utilise these resources, contributing to sustainable economic growth and social empowerment.

I. Introduction

Microfinance plays a vital role in fostering entrepreneurship in developing countries, like India, among the marginalised sections of society. By offering access to credit that is otherwise unavailable through traditional banking channels, these initiatives empower individuals to transform their livelihoods. The Pradhan Mantri Mudra Yojana ('PMMY'), launched in 2015, emerged as a

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significant scheme to provide microcredit to small and micro enterprises and help them flourish in the market ('MUDRA loans'). The scheme holds special relevance since the majority of its beneficiaries are women entrepreneurs.[1] The scheme gives its beneficiaries a chance to enhance and empower their socio-economic conditions by providing subsidised loans and other benefits.

The present research work explores the impact of MUDRA loans on women's entrepreneurship and financial inclusion in India. Financial inclusion serves as a catalyst to promote economic growth, social empowerment, and poverty alleviation. In a country like India, where women comprise almost half the population, financial inclusion and economic empowerment are essential needs to help women on an individual level, as well as yield the unrealised economic growth potential and add to the GDP of the country. By applying Amartya Sen's capability approach, the analysis assesses how access to microfinance expands women's opportunities and freedom of choice, thereby improving their well-being. Additionally, insights from Don Milani's educational philosophy are integrated to examine the role of education and skill development in enabling women to maximise the benefits of financial resources. While the scheme has expanded entrepreneurial opportunities, a significant proportion of self-employed women remain underserved, highlighting the need to address barriers that limit access to financial resources. The study highlights critical gaps in the existing legal framework, which tends to approach accessibility primarily as a negative right. It underscores the need for a more holistic approach - one that not only ensures access but also actively invests in building the capabilities of beneficiaries. Without this, the effectiveness of such state-driven policies remains limited, often failing to deliver meaningful, long-term impact.

Therefore, the study suggests that the state should provide positive rights through well-designed policies and assume the duty of equipping beneficiaries with the necessary skills and education required to effectively utilise these benefits. In this context, the study aims to contribute to the existing literature by bridging economic and educational perspectives, offering a comprehensive understanding of the transformative potential of microfinance.

The paper is structured into five parts, whereby the first part offers the introduction to the concept along with a brief overview of the existing literature with respect to MUDRA loans and their impact and interaction with the women's community. It also outlines the research methodology employed for the analysis presented in the subsequent sections to support the paper's premise. The second part explores the fundamental question of whether financial inclusion

1 Sandeep Soni, 'MUDRA Scheme: Women Remain Major Beneficiaries Despite Drop in Share' Financial Express (25 November 2024) <https://www.financialexpress.com/business/sme-MUDRA-scheme-women-remain-major-beneficiaries-despite-drop-in-share-3676886/> accessed 19 December 2025.

constitutes a right realisable by the community. It emphasises that financial inclusion has a profound impact on various aspects of an individual's life, which, in turn, influences and limits the exercise of other rights, including socio-economic rights. In the third part, the paper thoroughly discusses the MUDRA loan scheme, the relationship between MUDRA loan disbursement and economic growth, and the practical problems that arise while taking benefits of the MUDRA loan scheme. Later, part four proposes an ideal legal framework for encouraging financial inclusion through MUDRA loans. It analyses the nuances of microfinance policy objectives through the lens of Amartya Sen's Capability Approach. Additionally, it explores the intersection of education as a medium to achieve the goals outlined in Sen's approach, drawing insights from the works of Don Milani. The fifth part identifies the research gap in the study conducted and presents the conclusions and suggestions given by the author with respect to further research and policy improvements.

Therefore, we begin with holistically exploring the MUDRA loans, introduced by the PMMY scheme and the current existing body of work surrounding microfinance initiatives, so as to analyse and identify the pattern, challenges, and gaps that warrant further investigation.

Under the MUDRA scheme, the following categories of loans can be availed by the people.

1. *Shishu*: covering loans up to INR 50,000
2. *Kishor*: covering loans above INR 50,000 and up to INR 5 lakh
3. *Tarun*: covering loans above INR 5 lakh and up to INR 10 lakh.

In the 2024-2025 Union Budget, a fourth category was added, called *Tarun Plus*, allowing them to access funding between ₹10 lakh and ₹20 lakh.[2]

Initial investigations into microcredit facilities, particularly MUDRA loans, reveal a significant positive impact on vulnerable groups. Agarwala, Maity, and Sahu,[3] for instance, conducted empirical research on tribal women in West Bengal, demonstrating that the PMMY scheme substantially enhanced their employability, empowered their families, and uplifted their communities. Their findings extended beyond economic metrics, highlighting fostered social and political empowerment, enabling women to venture into new financial domains

[2] Santosh Kumar, Sarla Meena & Kamna Lakaria, 'Pradhan Mantri MUDRA Yojana Loan Limit Raised to ₹20 Lakh from ₹10 Lakh' (*Press Information Bureau,* 29 October 2024) <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2069170> accessed 1 July 2025.

[3] Varuna Agarwala, Sudarshan Maity & Tarak Nath Sahu, 'Female Entrepreneurship, Employability and Empowerment: Impact of the MUDRA Loan Scheme' (2022) 27 Journal of Developmental Entrepreneurship 2250005.

and promoting economic independence. Interestingly, this study also pointed to age as a crucial factor in financial decision-making, with older women exhibiting greater control.

Further exploring the scheme's efficacy, studies by Salasty and Kanagavalli,[4] acknowledge the systemic challenges women entrepreneurs face, such as a lack of credit history and smaller operational scales, which typically hinder access to traditional finance. Despite these obstacles, women have successfully leveraged the *Shishu* category of MUDRA loans to generate substantial employment. Additionally, these analyses also detail significant hurdles for beneficiaries, including limited awareness, cumbersome documentation, broker commissions, delays in loan sanctioning, and insufficient or untimely disbursements. Nevertheless, these foundational works underscore the PMMY scheme's overall positive contribution to promoting women's entrepreneurship and hint at progress towards financial gender equality, positioning MUDRA loans as a more accessible alternative.

Broadening the perspective to the national economic landscape, Mahadule and Srinivas critically examine India's low female labour force participation (27.2%) and women's modest contribution to the national GDP.[5] They highlight the PMMY's pivotal role as a catalyst for women's entrepreneurship, supported by existing legal frameworks designed to ensure equal opportunities. Their review of MUDRA Bank's annual reports indicates positive growth, particularly within the *Shishu* loan category, and emphasises the scheme's advantages, such as the 2% interest subvention. This collective evidence underscores the PMMY's transformative potential in empowering women and addressing gender disparity within the Indian economy.

The appeal of the MUDRA scheme to women entrepreneurs has also been statistically validated. Khan, Husain, and Mazhar empirically confirmed that women beneficiaries experienced enhanced financial independence, improved socio-economic status, and increased business confidence.[6] Their unique contribution lies in establishing a correlation between awareness of the MUDRA Yojana and the growth of women's entrepreneurship, introducing metrics like the *MUDRA Atmanirbhar Quotient* ('MAQ'), which indicates increased self-reliance

4 J JamelaSalasty & G Kanagavalli, 'A Study on Mudra Yojana's Role in Fostering Empowerment of Women Entrepreneur' (Multidisciplinary International Conference on World Education & Culture, Sharjah, UAE, 2023) 181; J JamelaSalasty & G Kanagavalli, 'Efficacy of Mudra Yojana of Funding the Unfunded on Women Entrepreneur and Employability' (Growing Infrastructure - A Key to Transforming Indian Economy, Bengaluru, 2023) 261–69.

5 Divya Mahadule & Shiney Chib, 'Impact of Pradhan Mantri Mudra Yojna on Women Entrepreneurs—A Comprehensive Review' (2022) 6(2) Journal of Positive School Psychology 602; Srinivas R, 'Mudra Yojana: A Catalyst in Promoting Women Entrepreneurship' (2021) 2(7) IRJHIS 161.

6 Hiba Khan, Firoz Husain & Syed Shahid Mazhar, 'Exploring the Preferences of Female Entrepreneurs for MUDRA Yojana: A Statistical Analysis' (2024) 5(2) IRJMS 754.

across social strata, and the *MUDRA Empowerment Multiplier* ('MEM'), showing a positive effect on state subsidy allocations. Such insights are crucial for guiding government policy refinements aimed at promoting financial and economic freedom for women.

However, a critical perspective on the scheme's implementation reveals notable disparities and limitations. Kandpal and Grover,[7] observed that despite women constituting the majority of beneficiaries (73.6%), their share of disbursed loan amounts was significantly lower (43.5%). The average loan amount of ₹26,747 was deemed insufficient for establishing viable micro-enterprises or achieving meaningful empowerment. Furthermore, large-sized loans (*Tarun* category, exceeding ₹5 lakhs), critical for significant employment generation, represented less than 0.2% of disbursements to women. This study strongly advocates for promoting more Tarun loans and integrating skill development and mentoring within the MUDRA Yojana framework to truly realise women's empowerment, also touching upon challenges related to loan repayment and bad debts.

Further regional analyses reinforce both the successes and challenges. Kumar and Nandrajog,[8] focusing on Delhi-NCR, found that while ease of funding and market demand encouraged women's business ventures, limitations persisted in their personal financial decision-making despite increased freedom in travel. Kalaiarasan provided a comprehensive overview of PMMY performance across various banking sectors and leading states, reiterating the significant representation of women in the *Shishu* loan category.[9] Yet, Sumathy and Jisha in Palakkad,[10] and Antony in Ernakulam,[11] highlighted uneven implementation, limited participation in higher loan categories, and dissatisfaction with resulting income levels despite overall scheme satisfaction, emphasising the urgent need for increased awareness and broader engagement by nationalised banks.

Studies also delve into the intrinsic and extrinsic factors influencing women's entrepreneurial journey. Mahajan underscored the importance of

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7 Asit Kandpal & Megha Grover, 'Efficacy of Mudra Yojana of funding the unfunded on Women Empowerment' (2020) 5(11) Social Science Learning Education Journal 368.

8 Pushpender Kumar & Divya Nandrajog, 'Empowering Women Through Entrepreneurship: The Role of Pradhan Mantri MUDRA Yojana' (2021) 51(1) Anvesak 84; Pushpender Kumar & Divya Nandrajog, 'The Impact of Pradhan Mantri MUDRA Yojana on the Socioeconomic Development of Women in India: A Study of Delhi-NCR' (2021) 12(4) Asian Journal of Management 411.

9 C Kalaiarasan, 'Empowering Entrepreneurs: Analysis of Pradhan Mantri Mudra Yojana' (2023) 33(2) MSW Management Journal 489.

10 M Sumathy & T P Jisha, 'Analysis of the Current Status of the MUDRA Yojana in Promoting Entrepreneurship in SC, ST, and Wome*n*' in *Innovation and Sustainability in Business Practises* (2023) 122.

11 J Antony, 'Role of Mudra Yojana in Employment Generation: A Study with Special Reference to Self-Employed Women in Ernakulam' (2021) 1 JournalNX 217.

entrepreneurial traits like resourcefulness and adaptability in fostering resilience,[12] while Salasty and Kanagavalli linked the high representation of women in MUDRA accounts to the dominant role of Micro Finance Institutions in providing *Shishu* loans.[13] Minz, Bhowmik, and Kushari,[14] alongside Desai and Chaudhari and Nagar,[15] collectively affirm PMMY's role in expanding financial inclusion and fostering women's economic empowerment, recognising their substantial potential to contribute to the nation's GDP and job creation within the Micro and Small Enterprises ('MSE') sector.

Despite these positive contributions, systemic challenges in scheme implementation persist. Jaiswal, Kumar, and Srivastava in Uttar Pradesh observed a decline in loan support and disbursed amounts since 2015, attributing issues like processing delays, disparities between sanctioned and disbursed funds, and defaults to ineffective bank monitoring and a lack of viable business plans.[16] These issues make banks hesitant to provide further loans to defaulters, increasing default risks. Concurrently, Gupta,[17] along with Arya and Gutt,[18] examines the broader "entrepreneurial ecosystem" in India, noting the comparatively low and declining participation of women, particularly post-pandemic. They stress the need for structured policies and programs to fully leverage women's potential in driving economic growth, recognising MUDRA as an instrumental scheme, despite the inherent challenges women face in establishing and scaling businesses.

In sum, the analyses and studies previously undertaken in this regard consistently acknowledge the PMMY as a crucial instrument for female entrepreneurship, employability, and empowerment. It has undeniably broadened financial access and fostered entrepreneurial spirit among women, particularly those from marginalised communities. However, the comprehensive review also reveals critical areas for improvement, including ensuring equitable loan disbursement across

[12] Y Mahajan, 'A Study and Review of Pradhan Mantri Mudra Yojana (PMMY) in the State of Maharashtra' (2019) 6(2) International Journal of Advanced and Innovative Research 1.

[13] J Salasty & G Kanagavalli, 'A Study on Entrepreneur Culture Development Through Mudra Schemes in Karnataka' (2023) 21 Multidisciplinary International Conference on World Education & Culture 181.

[14] Wilson Minz, Goutam Bhowmik & Shubhadip Kushari, 'Entrepreneurship Development Through Pradhan Mantri MUDRA Yojana: A Critical Analysis' (2022) 27 Vidyasagar University Journal of Commerce 52.

[15] Rency Desai & Jaydip Chaudhari, 'Women Entrepreneurs: A Study on Government Schemes' (2024) VII(II) GAP Interdisciplinarities 14; Shikha Nagar, 'Empowering Women Over Entrepreneurship in India' (2023) 12(4) IJSR 1531.

[16] Arun Kumar Jaiswal, Puneet Kumar & R B L Srivastava, 'Impact of Mudra Yojna on Promotion of Entrepreneurship in Uttar Pradesh' (2022) 8(2) Shodhasamhita: Journal of Fundamental & Comparative Research 15.

[17] Reeti Gupta, 'Challenges for Women in the Entrepreneurial Ecosystem of India' (Gender Sensitive Issues and Women Empowerment, Ambala, May 2021).

[18] Nikita Arya & Upasana Gutt, 'Women Entrepreneurship: Issues and Policies' (National Seminar on Entrepreneurship and India: Strategies for Transformation and Growth, Ambala, June 2022) 266.

categories, enhancing awareness, streamlining application processes, implementing effective monitoring systems to mitigate defaults, and adopting a "*credit-plus*" approach that integrates skill development and mentoring. Addressing these limitations will be vital for maximising the scheme's transformative potential and ensuring sustainable socioeconomic development for women across India.

A. Research Methodology

We used percentage growth calculation by using the following equation: -

X 100

ΔQ= change in the number of loans disbursed

$\Delta Q = Q2 - Q1$

Q1 = Initial year disbursed loans

Q2= loan disbursed in the next year

Q= Loans disbursed in the initial year

By using the above equation, we calculated the proportionate change in the loans disbursement, and by multiplying by 100, we converted it into a percentage.

II. Whether Financial Inclusion is a Right?

Financial inclusion means ensuring access to affordable and appropriate financial services – such as payments, savings, credit, and insurance – for all individuals and businesses, especially the underserved, in a responsible and sustainable manner.[19] The concept of financial inclusion implies that the basic financial services are provided at affordable costs to all persons needing such services.[20] Access to basic financial services has been recognised as a basic right.[21] But is it a right recognised and enforceable under law?

Though the Constitution of India does provide for socio-economic rights, there exists no such codified right as the right to 'financial inclusion'. However, the Indian government realises the importance of the said right, as can be felt by the thrust with which the government enacts policies and schemes for increasing

[19] 'Overview' (World Bank Organisation) <https://www.worldbank.org/en/topic/financialinclusion/overview> accessed 19 December 2025.

[20] Rajat Solanki & Nidhi Chauhan, 'A Perspective on Access to Financial Services as a Human Right' (2019) 4 NLUO Human Rights Law Journal 48.

[21] Emily Lee, 'Financial Inclusion: A Challenge to the New Paradigm of Financial Technology, Regulatory Technology and Anti-Money Laundering Law' (2017) 6 Journal of Business Law 473.

accessibility to financial services. The launch of various schemes like the PMMY scheme, Pradhan Mantri Jan Dhan Yojana ('PMJDY') scheme, etc., helps in achieving the objective of financial inclusion.

Human rights are rarely linked to financial service accessibility. Furthermore, it is difficult to claim that access to financial services is a human right in the absence of a legislative legislation. But, the importance of materialising such a right into a concrete shape can be well understood by drawing an analogy with other rights as important as the right to financial inclusion. It can be observed that in a modern capitalist society, access to financial inclusion in lieu of money acts as an equaliser similar to that of access to quality food, shelter and health. Just like the right to education empowers an individual to claim other rights, access to finance ensures that an individual is empowered enough to access other entitlements, which are imperative to achieving financial freedom. As an economist and Nobel Peace Prize laureate, Muhammad Yunus states, "*poverty is the absence of all human rights.*" Financial inclusion helps, as individuals get out of the vicious cycle of poverty. With financial inclusion, people do not have to rely on unreliable sources of informal credit.[22] Yunus argues that the right to credit stems from the right to be free from poverty, which alternatively can be understood as the human right to live with dignity and not merely an animalistic life based on bare survival.

The right to financial inclusion is a putative human right to be accepted within a well-functioning financial system, irrespective of one's financial position, and is pertinently comparable to the right to education.

Article 26 of the Universal Declaration of Human Rights ('UDHR') recognises the right to education as a fundamental entitlement that must be accessible and available to all.[23] Similarly, Article 13 of the International Covenant on Economic, Social and Cultural Rights ('ICESCR') reinforces this right, offering a more expansive interpretation by emphasising the essential role of education in individual and societal development.[24] The right to financial inclusion brings positive obligations on a state similar to that of the right to education. It recalls for protection of fundamental interests, it is fundamental to our society as it brings with it an opportunity to enjoy other rights such as the right to secure and maintain employment, etc, it also renders a person less financially vulnerable. It draws parallels to the right to education as both rights concern the conditions for a

[22] Vishnu A K, 'Ethical Conflicts of a Non-Profit Working on Financial Inclusion' (India Fellow Alumni, 12 June 2023) <https://indiafellow.org/blog/all-posts/ethical-conflicts-of-a-non-profit-working-on-financial-inclusion/> accessed 19 December 2025.

[23] Universal Declaration of Human Rights (10 December 1948), UNGA Res. 217 A (III) (1948), art 26.

[24] International Covenant on Economic, Social and Cultural Rights (New York, 16 December 1966) 993 UNTS 3, *entered into force* 3 January 1976, art 13.

minimal decent human life.[25] Those conditions can be similarly undermined in situations of extortionate borrowing and lending practices and criticisable education provisions that have adverse consequences on the quality of life. Like the right to education, which gives a chance to a person to improve their conditions of living, the right to financial inclusion plays a similar critical role since there is a non-contingent link between financial inclusion and social options, political options, education and training options, marriage and family options, security options, access to employment, and capacity to plan for future. Having a bank account can empower individuals to manage their funds more effectively, invest in options to secure their future, and access opportunities for borrowing or lending to meet various needs. Financial inclusion offers the advantage of greater economic control. To highlight the said with the help of an example, look at the state of marginalised groups, particularly such as women in rural areas, Scheduled Castes ('SCs'), Scheduled Tribes ('STs'), and economically weaker sections, and the impact of the rights when made accessible. Like the right to education among women, the right to financial inclusion by way of microfinancing has improved in growing recognition of integrating women in financial systems, focusing on their entrepreneurial abilities.[26] Similarly, the right to financial inclusion – through initiatives like microfinance, self-help groups ('SHGs'), and Jan Dhan accounts – has significantly improved their access to credit and savings.[27] This has led to a growing recognition of the importance of integrating women and other disadvantaged communities into the financial system, with an emphasis on fostering their entrepreneurial potential and economic independence.

III. MUDRA Loans

The PMMY was launched on 8th of April, 2015. The Hon'ble Finance Minister Sri Arun Jaitley, while accounting the Union Budget for the Financial Year of 2015-16, declared the formation of MUDRA Bank. Accordingly, MUDRA was registered as a company in March 2015 under the Companies Act of 2013 as a Non-Banking Finance Institution with the RBI on 7th April 2015.[28]

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[25] Rajat Solanki and Nidhi Chauhan, 'A Perspective on Access to Financial Services as a Human Right' (2019) 4 NLUO Human Rights Law Journal 48.

[26] Kimberley Brownlee & Zofia Stemplowska, 'Financial Inclusion, Education and Human Rights' in Tom Sorell and Luis Cabrera (eds), *Microfinance, Rights and Global Justice* (Cambridge University Press 2015) 47–62.

[27] 'The Power of Jan Dhan: Making Finance Work for Women in India' (*Women's World Banking*, 15 November 2022) <https://www.womensworldbanking.org/wp-content/uploads/2021/08/WWB-The-Power-of-Jan-Dhan-Report-Web.pdf> accessed 19 December 2025.

[28] Ministry of Finance, Government of India, 'PM will Launch MUDRA (Micro Units Development and Refinance Agency) Bank on 8th April, 2015 in New Delhi.' (*Press Information Bureau*, 25 March 2015) <https://www.pib.gov.in/newsite/PrintRelease.aspx?relid=117688> accessed 19 December 2025.

Micro Units Development & Refinance Agency Limited ('MUDRA') is a financial institution set up by the Government of India under the PMMY scheme for development and refinancing micro unit enterprises. The MUDRA Bank aims to provide financial support to the non-corporate small business sector through various last-mile financial institutions, including banks, non-banking financial companies ('NBFCs'), and microfinance institutions ('MFIs').

MUDRA loans can be claimed by a variety of banks under the PMMY scheme launched by the Prime Minister for providing loans up to INR 10 Lakhs to non-corporate, non-farm small/ micro enterprises. Non–Corporate Small Business Segment ('NCSB') comprising of millions of proprietorship/partnership firms running as small manufacturing units, service sector units, shopkeepers, fruits/vegetable vendors, truck operators, food-service units, repair shops, machine operators, small industries, artisans, food processors and others, in rural and urban areas are qualified for help through the scheme.

The PMMY is a response to the longstanding challenge of limited access to formal credit for micro and small enterprises, particularly among the unorganised and underserved sectors of the economy.

As elucidated earlier, under the MUDRA scheme, the following categories of loans can be availed by the people.

1. *Shishu*: covering loans up to INR 50,000
2. *Kishor*: covering loans above INR 50,000 and up to INR 5 lakh
3. *Tarun*: covering loans above INR 5 lakh and up to INR 10 lakh.

In the 2024-2025 Union Budget, a fourth category was added in Tarun Plus, allowing them to access funding between ₹10 lakh and ₹20 lakh.[29] This category is aimed at entrepreneurs who have successfully repaid their Tarun loans. It is backed by the Credit Guarantee Fund for Micro Units ('CGFMU') and is designed to help the growing micro-enterprises scale further.[30]

The categorisation of MUDRA loans into *Shishu*, *Kishor*, *Tarun*, and the newly introduced *Tarun Plus* reflects the government's effort to support micro and small enterprises at various stages of growth. This tiered approach plays a pivotal role in fostering financial inclusion, employment generation, and overall economic growth. The following section explores the relationship between MUDRA loan disbursements and their impact on India's economic trajectory.

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[29] Santosh Kumar, Sarla Meena & Kamna Lakaria, 'Pradhan Mantri Mudra Yojana Loan Limit Raised to 20 Lakh from 10 Lakh' (*Press Information Bureau*, 29 October 2024) <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2069170> accessed 1 July 2025.

[30] ibid.

A. Relationship between MUDRA Loans Disbursement and Economic Growth

(*Table I*)

S.No	FY	Total number of loans sanctioned	Quantum of loan sanctioned (Crores)	No. of loan accounts (lakhs)	Amount of loans sanctioned (crore)	Amount of loan disbursed (Crores)
1	2015-2016	34880924	137449.27	276.3	82,183.55	63,190.43
2	2016-2017	39701047	180528.54	291.47	80,289.68	78,249.78
3	2017-2018	48130593	253677.1	335.58	1,03,254.12	1,00,170.55
4	2018-2019	59870318	321722.79	370.62	1,33,033.62	1,29,153.23
5	2019-2020	62247606	337495.53	391.03	1,45,182	1,42,846
6	2020-2021	50735046	321759.25	333.03	1,31,303	1,28,370
7	2021-2022	53795526	339110.35	391.03	145181.87	142846.22
8	2022-2023	62310598	456537.98	442.56	2,16,954	215034.55
9	2023-2024	66777013	541012.86	No data		
10	2024-2025*	37478329	365810.44			

* *Source*: data collected from MUDRA official website (https://www.MUDRA.org.in).

(*Table II*)

Year	No of Loan Account	Percentage Growth	GDP	GDP Growth
2015-2016	276.3		2103.588	
2016-2017	291.47	5.5%	2294.797	
2017-2018	335.58	15.1%	2651.474	26.05%
2018-2019	370.62	10.4%	2702.93	17.79%
2019-2020	391.03	5.5%	2835.606	6.94%
2020-2021	333.03	-14.8%	2674.852	-1.04%
2021-2022	391.03	17.4%	3167.271	11.70%
2022-2023	442.56	13.2%	3353.47	25.37%
2023-2024			3549.919	
2024-2025*				

* *Source*: data analysis through calculations made by the author from available secondary data.

** GDP Data Source: World Bank Data Group*

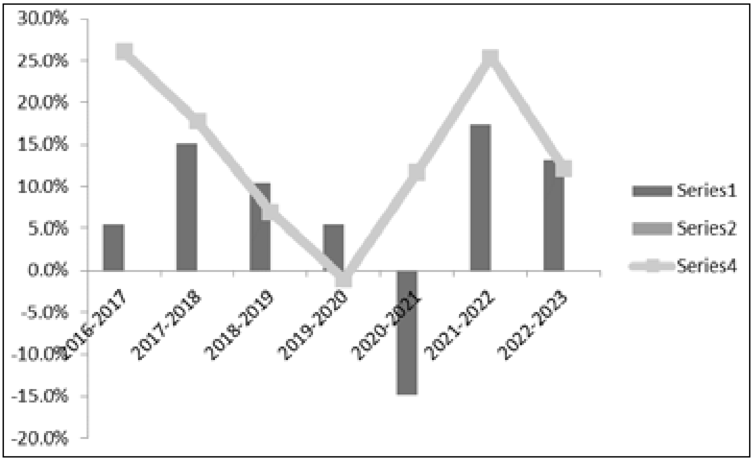
We attempted to compare the growth rate of MUDRA loans with the growth rate of India's GDP.[31] The growth rate of MUDRA loans was calculated using the percentage growth equation as follows:

X100.

Our analysis revealed that the average compound growth rate of MUDRA loan distribution was approximately 8%. The Disbursement of MUDRA loans will facilitate the women in the growth process, because the financial inclusion facilitates them in participating in economic activities, which leads to an increase in production and finally results in an increase in GDP.

In the financial year 2016-17, the disbursement of MUDRA loans grew at a rate of 5.5%. This was followed by a significant increase to a 15.1% growth rate in 2017-18. However, in 2020, a negative growth rate of (-)14.8% was observed, likely due to the impact of the COVID-19 pandemic. Encouragingly, in 2021, MUDRA loans rebounded with a remarkable growth rate of 17%. When comparing the growth trends of MUDRA loans with India's GDP growth, we observed that they exhibited similar patterns over the years. This indicates that the disbursement of MUDRA loans has played a significant role in promoting women entrepreneurship in India, particularly by supporting them during periods of economic fluctuation.

(Graph I)



** Source: data analysis through calculations made by the author from available secondary data.*

** The Graph is prepared based on the calculations made in Table II*

31 'GDP (Current US$) – India, World Development Indicators' (World Bank Group) <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=IN> accessed 19 December 2025.

In the given graph, the bar diagram (percentage growth) indicates the growth rate of MUDRA loans, whereas the line diagram represents the GDP growth rate (percentage growth). From 2018-19 onward, the GDP growth rate gradually declined, with the impact of COVID-19 in 2020 leading to a significant drop, recording a growth rate of -1.04%. However, as the economy began to recover from the pandemic in 2020, India's GDP rebounded with a growth rate of 12.8%.

Similarly, the bar diagram shows that the disbursal of MUDRA loans also declined during 2020-21, with the growth rate falling to -14.8%. However, following the economic recovery from COVID-19, the percentage growth rate of MUDRA loans rose to 17.4%.

From the table and graph, we can infer that the increase in the disbursal of MUDRA loans encouraged women entrepreneurs, leading to an increase in the production of goods and services, which may have contributed to GDP growth. However, to derive greater benefits from MUDRA loans and achieve the financial inclusion of women in the country's economic growth, it is essential to provide them with the necessary capabilities, as explained in Amartya Sen's capability approach discussed in the later parts of the article. Therefore, an analysis of the data highlights that MUDRA loans should be regarded not merely as financial tools, but as catalysts for enhancing women's agency, empowerment, and active participation in the economy – crucial elements for fostering a more inclusive and resilient economic landscape.

B. Practical Problems in the Issuing of MUDRA Loans

The total population of women in India accounts for a whopping 69.61 Crores (approximately half the population of India), out of which 80% (55.69 Cr) are literate women falling under the productive age group from 15 years to 60 yrs.

As per the Periodic Labour Force Survey ('PLFS') report analysis of 2021-22, around 32.8% females of working age (15 years and above) were in the labour force in 2021-22.[32] According to the report, the percentage distribution of women not being part of the labour force was due to various reasons, the most prominent among being are as follows: 44.5% of the women could not participate in the labour force because they were involved in child care/personal commitments in home making, 33.6% were not educated enough to land any kind of employment and wanted to continue study, 9.3% had health/age related reasons, other reasons

[32] Shashank Goel, 'Employment Statistics in Focus-April 2023: Female Labour Utilization in India' (Ministry of Labour and Employment, & Directorate General of Employment, April 2023) <https://dge.gov.in/dge/sites/default/files/2023-05/Female_Labour_Utilization_in_India_April_2023_final__1_-pages-1-2-merged__1_.pdf> accessed 19 December 2025.

(4.7%), 3.4% did not work due to social reasons, 3.2% did not have the required training/qualification/age for work, 0.7% were financially well-off, and 0.6% could not be employed due to non-availability of work at a convenient location.[33]

It is interesting to note that out of the total 37%,[34] most women (65.3%) were self-employed. As per World Bank statistics, the total female population in India is approximately 6,96,186,332. According to the Annual Report of the Periodic Labour Force Survey ('PLFS'), 2024, the literacy rate among women is reported to be 80%, which translates to a literate female population of 55,69,49,065.60. Based on this figure, the total amount disbursed under the MUDRA loan scheme to women is ₹4.42 crore. Thus, only 4.42 Cr took benefit of the MUDRA scheme in 2022-23, which accounts for a total of 7% of the women population in India. Since MUDRA loans target these women who are self-employed or engaged in any kind of business, the main question for analysis is what is impeding these women from taking advantage of the scheme.

(*Table III*)

Year	**Labour Force Participation Rate**	**Self-Employed Women#**
2021-22	32.8%	62.1%
2022-23	37%	65.3%
2023-24	41.7%	67.4%[35]

** Data for the 15 years and above category.*

** Data inclusive of rural and urban population.*

 # Percentage distribution of workers in usual status in rural areas by status in employment estimated from PLFS.

** Source: Periodic Labour Force Survey (PLFS)*

Financial inclusion revolves around five major dimensions: access exclusion, condition exclusion, price exclusion, market exclusion and self-exclusion. These are the voluntary and involuntary grounds which decide whether or not a person has access to financial services at affordable costs.

33 ibid.

34 Ministry of Women and Child Development, 'Nari Shakti Surges Ahead! Female Labour Force Participation Rate Jumps to 37.0%' (*Press Information Bureau*, New Delhi, 13 October 2023) <https://pib.gov.in/PressReleasePage.aspx?PRID=1967291> accessed 19 December 2025.

35 Shiva Rajora, 'Share of Self-employed Women Increased to 67% in 2023-24: PLFS Data' *Business Standard* (Delhi, 26 November 2024) <https://www.business-standard.com/economy/news/share-of-self-employed-women-increased-to-67-in-2023-24-plfs-data-124092601012_1.html> accessed 19 December 2025.

Financial exclusion can manifest in several ways. *Access exclusion* occurs when certain population segments are unable to access financial services due to geographic distance or restrictive risk management practices. *Condition exclusion* arises when specific circumstances make financial services unsuitable for certain groups. *Price exclusion* is driven by the high costs associated with financial products and services. *Marketing exclusion* results from targeted marketing and sales strategies that overlook certain demographics. Lastly, *self-exclusion* occurs when individuals voluntarily withdraw from the formal banking system due to fear of rejection or psychological barriers.

In India, an estimated 110 million people experience financial exclusion. This group includes tenants of housing associations, unemployed individuals, uneducated youth, single parents, individuals with disabilities, caregivers, residents of disadvantaged communities, families of prisoners, ethnic minorities, refugees, homeless individuals, women, and adults.

While the MUDRA scheme has been instrumental in supporting micro and small enterprises and various social groups, it hasn't been able to cover most of the women engaged in self-employment and small business.

MUDRA scheme faces some basic challenges that impact the financial inclusion approach it has been working towards. The biggest factor contributing to such a situation is the lack of awareness or limited awareness of the scheme among the beneficiaries, especially in rural and semi-urban areas. Many prospective entrepreneurs remain unaware of eligibility requirements, loan types, and how to apply. While MUDRA loans aim to promote inclusivity, the documentation requirements can still present significant obstacles, particularly for applicants in rural areas. Entrepreneurs lacking proper business registrations, tax records, or official identification often struggle to fulfil the necessary criteria. This creates challenges for many informal sector workers who operate without formal frameworks and are often unaware of how to obtain these documents. Also, many times, bankers can be hesitant to provide loans to applicants with no credit history. The reluctance stems from the risk of debt being converted into non-performing assets ('NPAs').[36]

Given that business owners often lack skill development and support, due to a lack of training, education, etc., the chances of not being able to sustain the business are high, increasing the chances of defaulting on loans and financial instability. Apart from the said reasons, other ancillary reasons which make it tough for marginal groups to access financial services and schemes can be the delay in processing the loans. Many rural and semi-urban areas lack proper infrastructure for providing financial services, with undertrained staff and a high

[36] M Dhanalakshmi and E Karthikeyan, 'Challenges and Future of Pradhan Mantri MUDRA Yojana (PMMY) in Promoting Women Entrepreneurship in India' (2025) ARJST 1(9).

volume of MUDRA applications, delays in processing the applications are common. These delays can demotivate the entrepreneurial spirit, leading them to access credit from informal sources or drop the ideas altogether.

The repayment terms of MUDRA loans can be complicated, leaving many borrowers unsure about the structure of monthly or quarterly instalments. Inadequate clarity regarding repayment schedules and interest calculations frequently causes confusion, hinders effective financial planning, and increases the risk of defaults, ultimately impacting business growth. Also, where women do have accounts, they are not used. The Findex found that 32.3 per cent of women in India have inactive bank accounts.[37] These women's bank accounts remain dormant primarily because they do not have access to mobile phones and the internet, or else they are unable to operate the accounts because of a lack of digital literacy; there is also no regular inflow of cash, and they are often uncomfortable dealing with male bank or business agents.[38]

For women, particularly, lack of education and skills, technical and financial knowledge, communication gaps with bank officials, safety and security issues, low confidence, time management, male dominance over financial assets, low risk-taking ability, etc., are some major barriers that impact women from entering or taking advantage of financial services and schemes.

A lack of education leaves many women unaware of business practices, technology, and market dynamics, which diminishes their motivation to achieve and creates significant challenges in establishing and managing enterprises. Uneducated women often have limited awareness, compounded by societal norms in male-dominated communities where girls' education is not prioritised in many parts of India. This leads to various difficulties in their lives. Women entrepreneurs frequently lack access to the technology and skills required in numerous fields. While many women aspire to start businesses, family pressures and hesitation often prevent them from pursuing their goals. Additionally, poor communication with bank employees poses a significant barrier for women entrepreneurs seeking MUDRA loans.[39]

Also, MUDRA loans only cover a set category of people engaged in a business activity; the loan cannot be utilised for personal interests, but only

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37 [40] Leora Klapper, Dorothe Singer & Saniya Ansar, 'India: Country Brief' (The Global Findex Database, 2021) <https://thedocs.worldbank.org/en/doc/4c4fe6db0fd7a7521a70a39ac518d74b-0050062022/original/Findex2021-India-Country-Brief.pdf> accessed 19 December 2025.

38 Rahul Chaterjee et al, 'The Real Story of Women's Financial Inclusion in India' (*MicroSave Consulting*, 2019) <https://www.microsave.net/wp-content/uploads/2020/01/191125_The-real-story-of-womens-financial-inclusion-in-India_Gender-research-report.pdf> accessed 19 December 2025.

39 Garima Singh & Neelma Kunwar, 'Problems Faced by Women of Pradhan Mantri MUDRA Yojana Scheme in Lucknow City' (2022) 9(4) Journal of Emerging Technologies and Innovative Research 541.

commercial interests. According to the scheme, any Indian citizen who engages in manufacturing, processing, trading, or service, and needs a credit of less than Rs. 10 lakhs (enhanced to 20 lakhs in 2024 under the Tarun Plus category) can approach Banks, MFIs, Financial Institutions or NBFCs for availing MUDRA loans. MUDRA Bank is not refinancing the agriculture sector under this scheme, but traders of vegetables & fruits are covered.[40] However, financial inclusion is not only for business doers but also for people engaged in jobs, etc., the target beneficiaries under the umbrella of MUDRA loans are very limited.[41]

IV. A Legal Framework for Encouraging Financial Inclusion through MUDRA Loans

This section explores the ideal legal approach that shall be taken to encourage financial inclusion through MUDRA loans. The section delves into the capability theory of renowned economist Amartya Sen, parallel to Don Milani's outlook on the said through the medium of education.

A. Amartya Sen's Capability Approach

Sen, in his capability theory or capability approach, focuses on the notion of capabilities, which can also be denoted as substantive freedoms that represent genuine opportunities people have to achieve their potential actions and states of being. Unlike other formal rights, substantive freedoms surpass the various obstacles, providing individuals with all the necessary means to achieve their goals if they choose to.[42] This approach facilitates the idea of effective use of resources to achieve the desired outcomes. The ability to convert resources and public goods into functioning depends on personal, socio-political, and environmental conditions, referred to as 'conversion factors' in capability theory. It focuses on what people can achieve (ends) rather than what they have (means). The approach also considers situations where the availability of the same resources to two different people can yield vastly different outcomes based on individual circumstances.[43]

However, the said theory does not only focus on bringing in parity the extrinsic factors but rather the subjectivity surrounding the utilisation of those

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40 M D Pradeep, B K Ravindra & T Ramjani Sab, 'A Study on the Prospects and Problems of Unorganised Labours in India' (2017) 2(1) International Journal of Applied and Advanced Scientific Research 94.

41 Annual Report (2023-2024) (Micro Unit Development and Refinance Agency Limited) <https://www.MUDRA.org.in/Default/DownloadFile/Annual-Report-2023-24.pdf> accessed 19 December 2025.

42 Melanie Walker, 'Amartya Sen's Capability Approach and Education' (2005) 13(1) Educational Action Research 103.

43 Wiebke Kuklys, *Amartya Sen's Capability Approach: Theoretical Insights and Empirical Applications* (Springer 2005).

factors. Sen illustrates this in his '*Equality of What*' lectures by comparing two individuals with the same resources, one of whom is disabled.[44] In such a scenario, the disabled person faces disadvantages in two key ways that a resource-focused view cannot capture: their ability to use resources and their potential to achieve well-being.[45] To analyse such a situation fairly, we must take into consideration not merely the quantity of resources available to both persons but also how those resources can be utilised and converted by the individuals. The approach recognises the varying abilities of individuals to convert resources into opportunities and achievements based on conversion factors which determine the effectiveness of resources in enabling well-being.[46] Consequently, evaluating well-being requires understanding both the resources available and the specific conditions of individuals, ensuring a comprehensive assessment of their opportunities to lead fulfilling lives.

In light of the same, if we analyse the MUDRA Loan scheme, the mere enactment and enforcement of the scheme or any other policy to uplift the socio-economic conditions of an individual proves to be an insufficient attempt to promulgate development. What is important is to determine if these policy frameworks can be efficiently used by their beneficiaries. Are the beneficiaries of the aforementioned system capable of efficiently converting the program's benefits to their own ends? The 'doings' and 'beings' approach does not only consider resource availability; as Amartya Sen explains in his 'Equality of what?' lectures, the same resources cannot always be used in the same capacity.[47] The premise that optimal utilisation will bring about progress is unrealistic. Legislating for what the situation should be does not guarantee the latter's actuality.

The assumption in the neo-classical economic theory assumes individuals to be rational beings who are able to make consistent choices to maximise the value; however, in actuality, this assumption is not true and is vastly entrenched. Many beneficiaries fail to fully utilise the benefits offered by such policies and initiatives due to illiteracy and a lack of awareness. Individuals differ substantially in their capacity to translate resources into function, hence, resource-based equality is insufficient. Instead, equality should be defined in terms of skills, notably via education. This viewpoint necessitates acknowledging human variation and the interaction of individual experiences and societal institutions.[48]

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44 G A Cohen, *Equality of What? On Welfare, Goods and Capabilities Amartya Sen: Capability and Well-Being* (Oxford University Press eBooks 1993) 54–61.

45 Ingrid Robeyns and Morten Fibieger Byskov, 'The Capability Approach' in *The Stanford Encyclopedia of Philosophy* (Winter 2021) <https://plato.stanford.edu/archives/win2021/entries/capability-approach/> accessed 28 December 2025.

46 ibid.

47 Wiebke Kuklys, *Amartya Sen's Capability Approach: Theoretical Insights and Empirical Applications* (Springer 2005).

48 Melanie Walker, 'Amartya Sen's Capability Approach and Education' (2005) 13(1) Educational Action Research 103.

Thus, rather than just assuring equal inputs or resources, it is critical to consider whether all persons have the right to engage equally in all educational environments. This approach stresses not just access to education, but also the capacity to fully profit from it by maximising its value while taking into account each individual's particular circumstances and conversion capacities.[49]

B. Intersection of Education

While Amartya Sen's capability approach emphasises the importance of expanding individuals' freedoms and opportunities to participate meaningfully in economic life, education emerges as a foundational enabler of these capabilities. In the context of financial inclusion, particularly through initiatives like MUDRA loans, education plays a critical role – not only in building entrepreneurial skills but also in enhancing awareness, financial literacy, and confidence among women borrowers. This connection is further explored through Milani's educational outlook, which highlights how access to education empowers marginalised groups to navigate financial systems more effectively and leverage credit as a tool for economic advancement.

Education is a critical pillar to shape various intrinsic and extrinsic factors that affect their lives. Education leads to human development in social, emotional and economic capacities. It fosters the acquisition of knowledge and skills and promotes critical thinking, creativity and ethical reasoning. The scope of education encompasses formal precepts of school and universities and transcends into informal learning through life experiences, social interactions, and cultural exposure. Its purpose is not only to prepare individuals for careers but also to empower them to participate meaningfully in society, exercise their rights, and contribute to the collective well-being of their communities. Ultimately, education serves as a catalyst for personal growth and social progress, enabling individuals to realise their full potential and lead fulfilling lives.

Since education is a vital means to achieving the aims of the capabilities approach, it will be interesting to gauge the junction of the two. This may be appreciated via the works of Don Milani, a harsh opponent of the capitalist system's dehumanising implications, notably its failure to equally divide rewards among workers and the community, which resembles Sen's viewpoint. His educational perspective emphasises the transforming power of education in allowing people to transcend socioeconomic constraints and reach their greatest potential.[50]

[49] Melanie Walker and Elaine Unterhalter, *Amartya Sen's Capability Approach and Social Justice in Education* (Springer 2007).

[50] Marco Tavanti, Elizabeth Wilp & Julie Tavanti, 'Education as Capability Approach: Amartya Sen and Don Milani's Contributions to Empowerment and Human Capacity Development' (*Medium*, 19 November 2024) <https://medium.com/eduvators/education-as-capability-approach-ec7df-90ce9cf> accessed 19 December 2025.

At his Barbiana school, Milani concentrated on providing his students with the tools and knowledge they needed to overcome the limits imposed by their socioeconomic status. He saw education as a tool of empowering people, allowing them to break free from cycles of dependence and marginalisation.[51] This approach is consistent with Amartya Sen's capacity paradigm, which emphasises the necessity of increasing individual freedoms and capacities in order to live a life of dignity and fulfilment.

Both Don Milani and Amartya Sen oppose paternalistic or charitable approaches to resolving inequality. Instead, they argue for empowerment by improving people's ability to access resources and opportunities efficiently. Milani's critique of exploitative economic institutions, as well as his vision for an inclusive and fair society, are consistent with Sen's overarching objective of establishing systems that allow individuals to turn resources into meaningful results.

Milani's educational program emphasised academic and practical skill development. His curriculum emphasised learning the Italian language, developing critical thinking skills, and participating in discussions, all of which were necessary instruments for students to exercise their rights and oppose social injustices. Education, as defined by Milani and Sen, is critical in developing individuals' ability to efficiently use existing resources and opportunities. The capacity approach emphasises that equality cannot be accomplished just by giving equal resources; rather, it necessitates addressing the many ways in which people turn resources into tangible results. Milani's comprehensive educational program aimed to improve these conversion qualities by encouraging intellectual growth, critical thinking, and practical skills, allowing students to participate meaningfully with the world and reach their full potential.[52]

In this scenario, education becomes a critical component of human growth, bridging the gap between resources and outcomes. It gives people the tools they need to harness their surroundings, confront systematic inequalities, and contribute to a fairer society. Don Milani's method, which links education to empowerment and capacity-building, reflects Sen's vision of a future in which all people have the substantive freedom to pursue the lives they want.

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51 ibid.

52 Andrea Gallelli, Paolo Contini & Angela Mongelli, 'Educational Poverty and Care for Others' in Silvia Cataldi & Gennaro Iorio (eds), *Social Love and the Critical Potential of People: When the Social Reality Challenges the Sociological Imagination* (Routledge 2022).

C. The Contemporary View with Respect to MUDRA Loans and Financial Inclusion Based on the Capability Approach and Don Milani's Observations

In 1993, the Supreme Court's landmark judgment in *Unni Krishnan, JP v State of A.P.* recognised education as a fundamental right under Article 21.[53] Subsequently, the Tapas Majumdar Committee, established in 1999, recommended the inclusion of Article 21A in the Constitution.[54] This recommendation was enacted through the 86th Amendment in 2002,[55] which declared the Right to Education for children aged 6–14 as a fundamental right under Part III of the Constitution. This amendment also paved the way for the Right to Education Bill of 2008, culminating in the enactment of the Right to Education Act in 2009. This act not only focused on providing education but also renewed focus on skilling, vocational education, and higher education.[56]

It is imperative to converge our attention towards the state of women in particular since women are the majority beneficiaries of the MUDRA Loan scheme. It can be noted that, irrespective of such measures, gender disparity persists and girls' education remains underscored. In India, over 132 million girls are out of school, including 34.3 million at the primary level, 30 million at the lower secondary level, and 67.4 million at the upper secondary level.[57] Though the enrolment rate in schools has improved, the budgetary allocation under the 12th Five-Year Plan decreased compared to the 11th Plan. India's female literacy rate, at just 64.6% (2011 Census), highlights the persistent challenge of improving girls' skill development, especially in rural areas. Despite government initiatives like *Beti Bachao Beti Padhao*, which aim to improve the status of girls through education and empowerment, while the scheme has contributed to increased awareness and some improvement in sex ratios at birth, its effectiveness in advancing girls' education and skill development has been limited, largely due to insufficient funding, lack of coordination at the grassroots level, and a greater focus on publicity than implementation. As a result, substantial progress in building the capabilities of girls, particularly in rural and marginalised communities, remains elusive, undermining the broader goals of financial inclusion and women's empowerment.[58]

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53 *Unni Krishnan, JP v State of A.P.* (1993) 1 SCC 645 : AIR 1993 SC 2178.

54 Manfred Nowak, 'The Right to Education' in Asbjørn Eide, Catarina Krause & Allan Rosas (eds), *Economic, Social and Cultural Rights* (Brill Nijhoff 2001) 245.

55 Constitution (Eighty-sixth Amendment) Act 2002.

56 *Unni Krishnan, JP v State of A.P.* (1993) 1 SCC 645 : AIR 1993 SC 2178.

57 Ankita Gupta, 'Right to Education Act 2009 and Gender Skill Development in India' (2020) 8(8) IJCRT 947.

58 ibid.

To make the policies and initiatives adopted for the beneficiaries a reality, the government must take on the responsibility of developing an infrastructure to deliver education as a right more effectively. Building skills and financial literacy via education is a crucial component of assisting recipients in getting the most out of their resources by realising their capabilities. It is thus advised that the government, in addition to establishing policy frameworks, invest in promoting financial literacy through training workshops and other means, as well as raising awareness and developing infrastructure for educating beneficiaries in entrepreneurial and other vital skills.

V. Conclusion

In conclusion, to achieve financial inclusion, particularly for women, it requires more than just the implementation of micro-finance schemes like PMMY surfacing MUDRA loans. It necessitates developing a comprehensive framework that empowers individuals to effectively utilise the benefits and opportunities offered by such schemes and policies. Drawing from Amartya Sen's capability approach and Don Milani's emphasis on education as a transformative tool, it becomes very clear that education and skill development are critical conversion factors that allow an individual to convert the resources available to them into tangible outcomes with maximum utility. The dearth of financial literacy and vocational training often renders these financial schemes useless and unutilised, especially for women facing socio-cultural barriers.

To bridge this gap, it is imperative for the state to invest in strengthening access to education and infrastructure, both formal and informal education, ensuring women are equipped with the relevant knowledge and skills needed to engage in entrepreneurial activities and management of financial and non-financial resources in relation to their businesses. These steps may involve more focus on improving access to financial literacy programs, simplifying loan application processes, and addressing psychological barriers like self-exclusion and low confidence. Additionally, creating platforms for mentorship, skill-building, and business support can help women navigate the complexities of entrepreneurship.

It shall be understood that ultimately, fostering financial inclusion is not solely about making credit access available but also about enabling individuals to harness the opportunities and enhance their socio-economic conditions in society. By aligning policies and schemes with educational empowerment, the state can create an ecosystem where women are not only participants in the financial system but also active contributors to the economic growth and GDP of the country.