



## IMPACT OF MUDRA LOAN SCHEME ON EMPLOYABILITY AND EMPOWERMENT OF WOMEN ENTREPRENEUR

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### ABSTRACT

Women make up nearly half of India's total population, but when it comes to employment and entrepreneurship, women participation rate and opportunities are extremely low. Since women come under the vulnerable section of the population, careful attention or due importance should be given to them to come out of their vulnerability in terms of economic, political, and social terms and lead an independent life. Women empowerment can be achieved only when they are economically and financially independent. The government has started a number of programmes to assist small businesses by financing sorely they need. MUDRA, which stands for 'Micro Units Development & Refinance Agency Ltd', is a financial institution being set up by Government of India for development and refinancing micro unit's enterprises, MUDRA is a division of India's Small Industries Development Bank (SIDBI). Many may see small firms as the gateway into the realm of entrepreneurship. There are extremely few people who can launch a large-scale business. Most businesses begin small and eventually expand to become major ones. Therefore, it is crucial to offer these small enterprises the proper support so that they can endure, grow, and contribute to the growth of the nation. And the MUDRA loan accomplishes that goal. Women have had a significant impact on small business ownership and employability development. The MUDRA loan program's effects on women entrepreneurs' employability and empowerment were the subject of a research study. 'Pradhan Mantri Mudra Yojana' (PMMY) is able to help and assist the targeted bottom of Pyramid to achieve sustainable development by creating an inclusive, sustainable and value based entrepreneurial culture, in achieving economic success and financial security.

**KEYWORDS :** Pradhan Mantri Mudra Yojana (PMMY; Women Entrepreneurship, Employability.

### Introduction

Financial inclusion was one of the main objectives of the government of India and to achieve this milestone, the Honorable Prime Minister of India, Narendra Modi, announced the Mudra and PMMY schemes in the year 2015 in a historical event. To finance the unfinanced micro enterprises, this scheme was launched. The Mudra loans are provided for income generating small business activity in manufacturing, processing, service sector or trading. Due to the lack of access to credit to the micro and small business sectors from the formal financial system, these sectors were borrowing money from the informal financial system at an exorbitant interest rate, which was driving these micro entrepreneurs into the vicious cycle of debt trap and out of business and economic activity. The Mudra Yojana loan has a reasonable interest rate and is a collateral-free loan given to noncorporate, non-farm micro, and small business sectors up to 10 lakh rupees. The Mudra loan is segmented into three parts, and they are Shishu, Kishore, and Tarun. Up to 50,000 rupees is sanctioned under the Shishu category for Start up Business; 50,000 to 5, 00,000 rupees is sanctioned under the Kishore category for existing Business; and 5, 00,000 to 10, 00,000 rupees is sanctioned under the Tarun category for further Business expansion. The major beneficiaries of this scheme are OBC/SC/ST and women entrepreneurs. This scheme is a boom to the vulnerable section of society who desire to be entrepreneurs. Out of the total beneficiaries, women receive the majority share in the scheme, which is almost more than 50%, and under the Shishu category, the number of accounts opened and loans sanctioned to women was more than 60%, which is a good sign that women are becoming entrepreneurs and playing in the main stream economic activity along with men. To assist the micro entrepreneurs to come out of the tide of difficulties in the times of covid and lockdown, the government has announced an interest subvention scheme of 2% on Shishu scheme beneficiaries.

In terms of the number of accounts opened and loans sanctioned to women entrepreneurs, the Mudra Yojana is

mainly acting as a catalyst in promoting women's entrepreneurship in India. Interestingly, the status of women in India in terms of economic and financial aspects is different and miserable. Of the total population in India, women constitute almost 50% of the total population. Though they are equal to men in terms of population, their participation in employment is very low and the opportunities available to them are also very limited. As per a few reports, women's labour force participation is 27.2%, which is less than men's. The contribution of women to the GDP remains at 18% as per the Times of India, and India ranks 120 among 131 countries in female labour force participation rates (economic times). When India is compared to China, it is surprising to know that women's labour participation is 40% in China, which is far ahead of India and reaping the economic benefit. The World Bank says that India could boost its growth by 1.5% to 9% per year if around 50% of women could join the work force (world banks' women in India's economic growth). In India, women are recognised as a vulnerable section of the population who are exploited and deprived of their rights in this patriarchal and male-dominated society. So in order to give them their rightful shares and empower them, the government comes up with various schemes to lift them from all odds. One such scheme is the Mudra Yojana, which gives collateral-free loans to women to become entrepreneurs and become economically and financially independent.

Despite having all these provisions in the constitution, we are still lacking in bringing women into the main stream of economic activity and being independent in leading a dignified life. But the hopes come from schemes like Mudra Yojana, which are changing the way of women's lives in terms of economic activity and enabling them to become the boss of their own firm and create employment opportunities for others. In 2015-16, the scheme sanctioned Rs 1.33 lakh crores to nearly 3.48 lakh borrowers, and as of March 26, 2021, loans sanctioned by member institutions totaled Rs 15.10 lakh crore to 28.81 crore beneficiaries (department of financial services, finance ministry). A Mudra card is available to the beneficiaries, and also an overdraft facility is available to

meet their working capital requirements. Member lending institutions are major players in this scheme, whole loans to the eligible beneficiaries, and they are banking institutions, non-banking institutions, small finance banks, etc. The major beneficiaries under these schemes are beauty parlors, barbers, potters, fitness clubs, street vendors, petty shops, cloth shops, tailors, weavers, garment shops, etc.

#### Objectives:

- 1.To study the Mudra loan scheme and its initiatives to promote women entrepreneur.
- 2.To assess the benefits of Shishu, Kishore, and Tarun schemes for women entrepreneur.
- 3.To study the Employability of Women Entrepreneur through Mudra loan Scheme

#### Review of Literature

John, J. S (2018) conducted a study on Pradhan Mantri MUDRA Yojana Scheme which has helped so many individuals to grow and benefit from this, which in turn creates a larger effect on the country's wellbeing and development. MUDRA's vision is to fund the unfunded formalize the informal. India needs to fill up the gaps like skill development, knowledge, business literacy, microfinance and MUDRA is the answer to that. Thus, India has lent a hand to the small scale industries and non-cooperate firms with the launch of PMMY, Mudra.Srinivas, R. (2021) in his observation Women empowerment can be achieved only when they are economically and financially independent. To be economically and financially independent they need a special care and support system in terms of infrastructure like banks, markets etc. the support system from government, civil society, self-help groups, women associations, non-government organization plays a crucial role for the upliftment of women from all vulnerability and encourage her to take active participation in economic activity like entrepreneurship. And the objective is to evaluate the components of mudra Yojana which is more beneficial to women's. It is also suggested that to improve the financial services in the remote area, and digital/technology-based/internet banking should be promoted. The in-depth overview on purpose of mudra, products & schemes offered by mudra, mudra card, eligibility criteria for mudra refinance/loan, PMMY Tamilnadu state current progress and benefits to the small entrepreneurs by mudra was studied by Petare and Mohite (2020).

#### Mudra Loan Schemes

MUDRA is still not a fully-fledged bank and is in its initial stages. Mudra Bank will function in coordination with local banks and financial institutions and provide finance to "Last Mile Financiers" of small/micro businesses. As the Purpose of this scheme is to support the micro and small enterprises the scheme for the products are also categorized accordingly. Mudra loan products are divided into three schemes. The first one is for the people who want to start a business or small. Enterprise will be provided Shishu category loan. Next level of loan/product is for mid-stage finance and for the expansion and technical up gradation will fall under Kishore and Tarun Loan Scheme. These are described here.

#### Shishu Loan Scheme:

This is for starter or small entrepreneur, under this scheme the lending amount will be Rs. 50,000. That means If anyone wants to start a small business then he/she will get a loan cover up to Rs. 50,000/-.

#### Kishor Loan Scheme:

This scheme is meant for the mid-level business organizations. If you have set your business then you may receive a term loan from Rs. 50,000/- to Rs. 5 lakh from MUDRA for further expansion and growth.

#### Tarun Loan Scheme:

This is the next level scheme and it for those business /manufacturing organizations who wish to have a large and better (automation) business setup. The loan provided in this scheme will cover a sum of rupees from Rs. 5 lakh to Rs. 10 lakh.

#### Conclusion

The aforesaid analysis concludes that it aids in raising awareness and impact of this helpful programme. These initiatives are primarily designed to promote small business setups, including manufacturing and services, in order to make people more self-sufficient and to provide more job prospects for the youth, and they will undoubtedly affect the overall Indian economy. The Mudra Scheme is making every effort to enhance the position of women and other underprivileged members of society, particularly those who are illiterate or unskilled. Financial assistance in the form of various loans encourages people to create new businesses, so empowering them. Its influence on the development of a robust economy will be felt in the future years.

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