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AN ANALYTICAL STUDY OF GROWTH AND PERFORMANCE OF PRADHAN MANTRI MUDRA YOJANA

KEY WORDS: Financial Inclusion, Growth, Performance, Pradhan Mantri MUDRA Yojana, Banks

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ABSTRACT

Financial inclusion is a method of offering banking and financial services to individuals. It aims to include everybody in society by giving them basic financial services regardless of their income or savings. It focuses on providing financial solutions to the economically underprivileged. The term is broadly used to describe the provision of savings and loan services to the poor in an inexpensive and easy-to-use form. It aims to ensure that the poor and marginalised make the best use of their money and attain financial education. With advances in financial technology and digital transactions, more and more startups are now making financial inclusion simpler to achieve. Financial inclusion strengthens the availability of economic resources and builds the concept of savings among the poor. Financial inclusion is a major step towards inclusive growth. It helps in the overall economic development of the underprivileged population. In India, effective financial inclusion is needed for the uplift of the poor and disadvantaged people by providing them with the modified financial products and services. Pradhan Mantri MUDRA Yojana (PMMY) was launched by PM in 2015 to provide loans up to Rs. 10 lakhs to small enterprises. There are 3 loans provided under Pradhan Mantri Mudra yojana that are Shishu, Kishore, and Tarun. These are provided for the growth and development of small traders. This research paper shows the vision and mission of Pradhan Mantri MUDRA Yojana. The main objective of this paper is to analyse the loans provided till last financial year that is 2019-20 under this scheme.

INTRODUCTION

Financial Inclusion is one of the most important strategies in India to empower citizens. The primary point behind the monetary consideration is to cover the all segment of population under monetary administrations. Government of India (GOI) has introduced some of the major steps to “fund the unfunded” micro enterprises segment. One of the initiatives taken by Government of India (GOI) is Pradhan Mantri Mudra Yojana (PMMY) which plays an important role in achieving the success of financial inclusion. The idea behind the scheme is to provide the credit requirement to small business upto 10 lakh. The Micro Units Development & Refinance Agency Ltd. (Mudra) was set up in 2015 under the Pradhan Mantri Mudra Yojana (PMMY) to help develop and refinance the 'non-corporate business' sector.

It is aimed at supporting finance institutions that lend to micro/small business entities engaged in manufacturing, trading and service activities. The loan is given primarily for the purpose of employment creation at the grassroots level through formal banking credit channel.

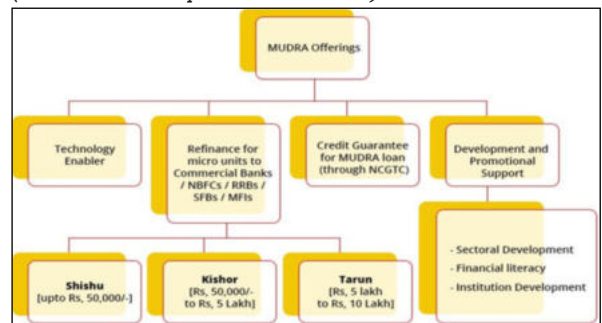
There are several financial inclusion schemes in India viz., Jeevan Suraksha Bandhan Yojana, Pradhan Mantri Vaya Vandana Yojana, Pradhan Mantri Mudra Yojana, Stand Up India scheme, Venture Capital Fund for Scheduled Castes under the social-sector initiatives, Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY), Varishtha Pension Bima Yojana (VPBY), Credit Enhancement Guarantee Scheme (CEGS) for scheduled castes, and Sukanya Samridhi Yojana.

Pradhan Mantri MUDRA Yojana (PMMY) is a scheme launched by the Hon'ble Prime Minister on April 8, 2015, for providing loans up to Rs. 10 lakh to the non-corporate, non-farm small/micro-enterprises. These loans are classified as MUDRA loans under PMMY. These loans are given by Commercial Banks, RRBs, Small Finance Banks, MFIs, and NBFCs. The borrower can approach any of the lending institutions mentioned above or can apply online through this portal www.udyamimitra.in. Under the aegis of PMMY, MUDRA has created three products namely 'Shishu', 'Kishore' and 'Tarun' to signify the stage of growth/development and funding needs of the beneficiary micro unit/entrepreneur and also provide a reference point for the next phase of graduation/growth.

Table 1: Glimpses Of MUDRA Loans Provided During The Financial Year: 2019-2020

No. of PMMY Loans Sanctioned: 62247606
Amount Sanctioned (Rs.): 337495.53 CRORE
Amount Disbursed (Rs.): 329715.03 CRORE

(Source- Annual Report PMMY 2019-20)



The Product Offering in Pradhan Mantri Mudra Yojana

Mudra Yojana is a loan scheme initiated by Government of India to offers loan amount up to Rs. 10 lakh for individuals and MSMEs to start their new business or for existing businesses, without demanding any collateral or security. Under the aegis of Pradhan Mantri Mudra Yojana (PMMY), MUDRA has created products/ schemes. The interventions have been named 'Shishu', 'Kishore' and 'Tarun' to signify the stage of growth/development and funding needs of the beneficiary micro unit/entrepreneur and also provide a reference point for the next phase of graduation/growth to look forward to :

- **SHISHU Loan:** Loans up to Rs. 50,000 (For start-ups and new businesses) can be availed in Mudra Shishu Loan scheme
- **KISHOR Loan:** Loans from Rs. 50,001 to Rs. 5,00,000 (For buying equipment/machinery, raw materials, business expansion for existing enterprises) are available in Kishor Loan Scheme
- **TARUN Loan:** Loans from Rs. 500,001 to Rs. 10,00,000 (For established businesses and enterprises) under Tarun Loan Scheme

With an objective to promote entrepreneurship among the new generation of aspiring youth, it is ensured that more focus is given to the Shishu Category Units and then Kishore and

Tarun categories. Within the framework and overall objective of development and growth of the micro-enterprises sector under Shishu, Kishore, and Tarun, the products being offered by MUDRA are so designed, to meet the requirements of different sectors/business activities as well as business/entrepreneur segments.

The funding support from MUDRA are of two types:

- Micro Credit Scheme (MCS) for loans up to 1 lakh finance through MFIs.
- Refinance Scheme for Commercial Banks / Regional Rural Banks (RRBs) / Small Finance Banks / Non-Banking Financial Companies (NBFCs).

Mudra scheme can be availed by individuals, SMEs, MSMEs, enterprises or businesses engaged in Manufacturing, Trading and Services Sectors, only.

Purpose Of Mudra Scheme Under PMMY

Mudra scheme under PMMY can be availed to perform various income generating activities as mentioned below:

- **Commercial Vehicle:** Mudra loan for machinery and equipment can be used to purchase of commercial transport vehicles like tractors, auto-rickshaws, taxis, trollies, tillers, goods transports vehicles, 3-wheelers, e-rickshaws, etc.
- **Service Sector Activities:** Starting businesses of salons, gyms, tailoring shops, medicine shops, repair shops, and dry cleaning and photocopying shops, etc.
- **Food and Textile Product Sector Activities:** Various activities involved in respective sector
- **Business activities for Traders and Shopkeepers:** Setting up shops, service enterprises, trading and business activities and non-farm income generating activities
- **Equipment Finance Scheme for Micro Units:** Maximum loan up to Rs. 10 lakh
- **Agri-allied Activities:** Activities related to businesses in agri-clinics and agribusiness centres, food & agro-processing units, poultry, pisciculture, bee keeping, sorting, livestock-rearing, grading, aggregation agro industries, dairy, fishery, etc.

Literature Review

(Singh, 2018) focused on the PMMY Scheme, the present status of the scheme, and relevant suggestions. The researcher explained that the major problem in the growth of Non- Corporate Small Business Sector is the dearth of financial support from the organized sector. By providing financial support, MUDRA Banks are playing a crucial role in improving the standard of living, increasing job opportunities, increasing national income, and reducing poverty.

(Kumar S., 2017) explained the key objectives of the Micro Units Development and Refinance Agency (MUDRA) Scheme. In a developing country like India, most people are engaged in small businesses. Small businesses face financial problems as a major problem on their way to development. After identifying the contribution of small businesses in the Indian economy, the Government of India launched the MUDRA Scheme to overcome the financial problem. The main focus of the MUDRA Scheme is to support small businesses and entrepreneurs.

(Patil & Chaudhari, 2016) emphasized that the scarcity of finance is a major obstacle for the small and micro-business sectors. To solve this problem, the Government of India launched the MUDRA Scheme. Through this scheme, the Government of India is supporting small and young entrepreneurs. This scheme will be helpful in supporting the small and micro sectors by providing financial assistance at reasonable rates.

(Gupta S., 2015) conceptualized that Pradhan Mantri Mudra

Yojana (PMMY) was launched with the aim of „Funding the unfunded“. The problem in the path of the Non-Corporate Small Business Sector (NCSBS) is the scarcity of financial support.

The PMMY Government of India is trying to bring the NCSBS into the formal banking channel. It is set up for the development and refinancing activities relating to micro units.

Objectives Of The Study

The objectives of this research papers are the following:-

- To study the product offerings of Pradhan Mantri MUDRA Yojana (PMMY).
- To know the agency-wise performance of Pradhan Mantri MUDRA Yojana (PMMY).
- To know the state-wise and category-wise performance of Pradhan Mantri MUDRA Yojana (PMMY).

Research Methodology

The research is based on Secondary data. The researchers have made an attempt to study the Pradhan Mantri MUDRA Yojana. The secondary data has been gathered from websites, research papers, articles, and annual reports of Pradhan Mantri MUDRA Yojana.

Analysis And Interpretation

In this section of the research paper analysis and interpretation of collected data has been presented.

The State-wise Performance Of Pradhan Mantri Mudra Yojana-

The state-wise performance of Pradhan Mantri mudra yojana has been very impressive. The Top 10 states which performed best in the Pradhan Mantri mudra yojana have been shown in the table below-

Name of the state	Sanction Amt (2019-20)	sanction amt (2018-19)	Growth
Tamil Nadu	35,017	34,260	2%
Uttar Pradesh	30,949	26,191	18%
Karnataka	30,188	29,995	1%
Maharashtra	27,903	26,439	6%
Bihar	27,442	24,406	12%
West Bengal	26,790	26,462	1%
Rajasthan	19,662	17,506	12%
Madhya Pradesh	19,060	17,408	9%
Odisha	15,419	15,770	-2%
Gujarat	13,746	13,217	4%
Total	2,46,176	2,31,654	7%

(Source- Annual Report of PMMY 2019-20)

The following table shows the performance of top 10 states in which Tamil Nadu is on the top with sanction amount of 35,017 crores, followed by Uttar Pradesh with the amt 30,949 crores after which Karnataka has also sanctioned a huge amt under PMMY that is 30,188 crores. While Maharashtra has a sanctioned amount of 27,903 crores in 2019-20 whereas it was 26,439 in 2018-19 there is a growth of 6%. Talking about Bihar, it has shown growth of 12% when compared with 2018-19. West Bengal has shown growth of 1% when compared with 2018-19. The highest growth is in uttar pradesh that is 18%. whereas negative growth is there in case of Odisha it has shown -2% growth means the amount sanctioned has declined from 15,770 to 15,419. Talking about the overall performance of the states there is growth of 7% and amount sanctioned by top 10 states is **2,46,176 crores** in the year 2019-20.

Agency Wise Performance

The target set by the Government of India under PMMY for the year 2019-20 was ` 3.25 lakh crore which was distributed across various lending institutions, banks, MFIs, and NBFCs

based on their outreach and presence in various parts of the country. The category-wise performance against their overall targets for the year 2019-20 is as under:

Category	Target (2019-20)	Sanction Amt.(2019-20)	Sanction amt (2018-19)	Growth
Public sector Banks	1,28,000	1,17,729 (92%)	1,17,282	7%
Private sector banks	70,025	91,780(132%)	64,037	43%
Small finance Banks	29,350	29,501(101%)	29,794	-1%
Micro finance institutions	57,425	57,967 (101%)	63,471	-9%
Non Banking Finance companies	40,200	40,518 (101%)	47,137	-14%
Total	3,25,000	3,37,495 (104%)	3,21,721	5%

(Source- Annual Report of PMMY 2019-20)

The highest loans are sanctioned by Public sector Banks that is 1,17,729 crores followed by private sector banks that is 91,780 crores after that there comes Micro finance Institutions which have sanctioned 57,967 crores, NBFC's 40,518 crores and small finance banks have sanctioned 29,501 crores. The target achieved is 104% of the target set which means all the agencies are performing very good.

Loan Category Analysis

Mudra loans are extended into three categories based on the size of the loans. They are Shishu (up to ` 50,000), Kishor (above ` 50,000 and up to ` 5 lakh) and Tarun (above ` 5 lakh and up to ` 10 lakh). The share of the three categories of PMMY has been analyzed and is given below in the table:

Table 4 Category Wise Performance (Rs. In Crores)

Sub- categories : Sanctions (FY 2019-20) (in crores)					
Category	FY- 2019-20		FY- 2018-19		% change
	No. of loans sanctioned	Sanctioned amt	No. of loans sanctioned	Sanctioned amt	
Shishu	5,44,90,617	1,63,559	5,15,07,438	1,42,345	15%
Kishor	64,71,873	95,578	66,06,009	1,04,387	-8%
Tarun	12,85,116	78,358	17,56,871	74,991	-4%
Total	6,22,47,606	3,37,495	5,98,70,318	3,21,723	5%

(Source- Annual Report of PMMY 2019-20)

There are 3 categories of loans in Pradhan Mantri Mudra Yojana as discussed above. The category wise distribution of loan has been shown in the table. 5,44,90,617 loans are sanctioned in Shishu category. Out of the total no. Of loans which is 88%. after that in Kishor category the no. Of loans sanctioned is 64,71,873 which is 10% of total loan sanctioned and when we talk about tarun category the loans sanctioned are 12,85,116 which is 2% of the total loan sanctioned. When talking about the amount in shishu the amount of loan provided is 1,63,559 crores which is 48% of the total amount of loans. In kishor category the amount is 95,578 which is 28% of the total amount of loan. At last when we talk about amount of loan sanctioned in tarun category it is 24% of the total amount of loans.

Table 5 Cumulative Data for 5 years regarding PMMY (Rs. in crores)

Category	2019-20			Cumulative for 5 years		
	No. of accounts	amt sanctioned (in crores)	amt disbursed (in crores)	No. of accounts	amt sanctioned (in crores)	amt disbursed (in crores)
Shishu	5,44,90,617	1,63,559	1,62,813	21,75,67,09	5,59,901	5,52,612
Kishor	64,71,873	95,579	914,27	2,24,64,719	3,83,295	3,66,629
Tarun	12,85,116	78,358	75,475	47,99,060	2,87,677	2,76,990
Total	6,22,47,606	3,37,496	3,29,715	24,48,30,488	12,30,873	11,96,231
Out of the above						
Women	3,91,03,349	1,45,182	1,42,846	16,64,99,308	5,43,943	5,13,610
New enterpr enuer account	1,19,13,903	99,263	94,896	6,03,31,170	4,37,354	4,18,360
SC/ST/OBC	2,97,50,100	1,13,884	1,12,029	12,50,10,002	4,19,711	4,09,216

(Source- Annual Report of PMMY 2019-20)

The loans provided under PMMY was categorised into 3 parts that is Shishu, Kishor and Tarun and the no. of accounts opened , amount sanctioned and disbursed in shown in the table which has been further categorised into the people who have provided these loans which are women, new entrepreneurs and other categories. The table shows cumulative data of 5 years along with the performance of PMMY in 2019-20 which shows that out of the total loans provided that is 24,48,30,488 of amount 12,30,873 crores . 68% of the loans that is 16,64,99,308 have been provided to women of amount 5,43,943 crores which is 44% of the total amount of loans sanctioned and 6,03,31,170 loans that is 25% of total loans has been provided to new entrepreneurs for development of talent and employment generation the amount sanctioned is 4,37,354 crores which is 36% of total amount and 12,50,11,002 loans have provided to SC/ST/OBC categories amounting to 4,19,711 crores which is for their development.

CONCLUSION

Pradhan Mantri Mudra Yojana (PMMY) the Flagship Programme of the Prime Minister aimed at funding the 'Funding the Unfunded' micro-enterprises and small businesses completed five years of its operations, which is extending a cumulative amount of INR 12.30 lakh crore under the program to 24.48 crore loan accounts primarily benefiting the borrowers of weaker sections of the society. The Lending Institutions, which include all the Public Sector Banks, Private Sector Banks, Regional Rural Banks, Small Finance Banks, Micro-Finance Institutions (MFIs), and Non-Banking Financial Companies (NBFCs), together have exceeded the annual targets set out by the Government of India under PMMY every year. During these five years, Micro Units Development and Refinance Agency Ltd. (MUDRA), as a support institution, has played a dual role by extending refinance support to various lending institutions and monitoring the progress of implementation of PMMY closely through a dedicated portal that captures various aggregated data pertaining to the scheme PMMY as per the requirements of the Govt. of India. By the Annual Report of the Five years, it is evident that loans under the Shishu category comprise more than 90 per cent of loans. MUDRA loans remain unaffected by the increasing number of loans in PMMY. The annual report also states that gross NPA in India across all sectors crossed 10 percent in 2017-2018 but the NPA level under PMMY is only 5.38 percent

as of 2018-2019. Thus PMMY continues to be a major initiative of the Government of India providing credit to millions of unfunded micro-units in the country. Mudra Yojana under PMMY also encourages women entrepreneurship and for that Govt. of India has asked various financial institutions, including Micro Finance Institutions (MFIs) to consider extending facilities, such as reducing interest rates on their loan for women borrowers. Currently, Mudra extends a reduction of 25 Basis Points (BPS) in the interest rates offered from NBFCs and MFIs to female entrepreneurs. The maximum loan amount offered for women entrepreneurs under Mudra loan is up to Rs. 10 lakh. The Mudra loan eligibility for women remains the same, as stated for individuals and Indian citizens.

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