

## PERFORMANCE OF MUDRA YOJANA UNDER PMMYAMONG NEW AND WOMEN ENTERPRENEURES IN THE YEAR 2018-19.

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### ABSTRACT

In India, small businesses play an important role by providing employment to a large number of people. Micro units are the second largest sector engaging uneducated and unskilled people after agriculture and further, millions of low income earning group person aspire to set up small businesses which leads to rural development of rural areas and women empowerment but are unable to start, mostly due to credit limitations. This paper is an attempt to know about the MUDRA Yojana and its disbursement and utilization rate of the sanctioned amount among new and women entrepreneurs in the financial year 2018-19. Analysis is done by using secondary data from overall performance report

of Mudra Yojana. And the paper highlights that the Tamil Nadu is the state which effectively distributing and utilizing the Mudra loan very effectively and widely. So Mudra loan plays an importance role in the development of MSMEs and micro entrepreneurs in south India.

**Key words:** Micro finance, Rural development, Micro units, PMMY, Mudra Yojana, New enterpreneures, women enterpreneures.

### INTRODUCTION

Micro enterprises are plays a vital role in improving the quality life for people in developing country like India. A micro enterprise is a small enterprise which employs a less number

of people usually operates with fewer than 10 people with a small amount of capital. In India Micro, small, and medium enterprises (MSME) contributes around 29% to the GROSS DOMESTIC PRODUCT (GDP). Currently union minister Nitin GadKari said that India have a vision to increase the MSME contribution to India's GDP to over 50% from currently 29%. Because of Microenterprises collectively represent a substantial portion of economy and employment it leads to rural development of the rural sector in India.

Rural development is an integral process of economic growth and social progress. It implies the development of rural sector which has many dimensions. The role of microfinance provides an environment of sustainable improvement in the quality of life of rural entrepreneurs enabling them to form micro units and providing them equal opportunities in decision making process and participation in community life. The access of the poor to bank services will break the vicious circle of poverty and removal of poverty is an

effective instrument of rural development. Micro finance is community based. Poor people not only need loans but also savings, insurance and money transfers. Community saving banks, SHGs is community based micro finance institutions which provide these services to the rural poor to undertake productive activities for rural development and women empowerment. Micro finance is one of the most effective strategies for rural development. It plays the vital role because subsidies from government are scarce and uncertain and micro finance can reach large number of poor and weaker sections and thereby promotes inclusive growth. Micro finance promotes cash flow by way of granting micro credit to the poor and weaker sections for self-employment and recovery of loans.

Since the operation of micro units are tightly focused, there is a difficulty for growing into an even large operation. Considering their size and resources, it may also be limited in their access to various financial services and support. These limitations are ranges from insufficient finance,

high interest rate, lack of collateral, credit rationing, and lack of accurate documentation. Because of lack of accurate documentation banks find it very difficult to lend them. Majority of this enterprise does not get an access to the outside source of finance. In order to remove this difficulties faced by the MSME units, Pradhan Mantri MUDRA Yojana (PMMY) Scheme was introduced by Honorable Prime Minister on April 8, 2015 for providing loans upto 10 lakh to the non-corporate, non-farm micro units/ small enterprises.

### STATEMENT OF THE PROBLEM

Micro-Units Development and Refinance Agency (MUDRA) loan is the key measures that taken by the Government of India to promote Micro, Small and Medium Enterprises (MSMEs) nationwide. It is also known as Mudra Loan Yojana, Mudra Bank Scheme or Pradhan Mantri Mudra Yojana (PMMY). Under this scheme, loans of minimum Rs. 50,000 and maximum of Rs. 10 lakh are provided to start-up enterprises and small business units. The loan products offered by

MUDRA, known as Mudra loans, help micro enterprises to grow and expand their businesses or they can manage operational needs of the micro units through easy finance schemes/ coverage. PMMY aims to bank the unbanked. Under PMMY, MUDRA loan has created three products namely 'Shishu', 'Kishore' and 'Tarun' indicate the stage of growth, development and financing needs of the beneficiary micro entrepreneur and also provide a reference point for the next phase of graduation, development or growth. Sahid & Irshad (2016) conducted a descriptive study to know about the MUDRA Yojana and its key objectives. For analyzing these matters secondary sources of data have been collected and an attempt has been made to analyze the product offerings and performance of the scheme. Godha & Nama (2017) attempted to seek depth overview on salient features of PMMY, MUDRA bank, MUDRA product offerings, MUDRA role & responsibilities, financial inclusion & PMMY, progress made under PMMY and state wise

PMMY report. They try to know about the impact of Pradhan Mantri Mudra Yojana (PMMY) on financial inclusion. And from the study they concluded that due to PMMY there is a bigger change in the area of micro finance. Financial inclusion through PMMY increases the opportunities for credit requirement and refinance. Although the above studies show that there is no recent studies conducted to investigate the performance of the MUDRA loans among new and women entrepreneurs in the year 2018-19. So the present study attempted to know the disbursement and utilization of that disbursed loans among new and women entrepreneurs in the financial year 2018-19.

### OBJECTIVE OF THE STUDY

1. To analyse the performance of MUDRA Yojana among new and women entrepreneurs in the year 2018-19.

### METHODOLOGY

The study is descriptive in nature as it describes the characteristics of a particular group with

narration of facts concerning them. The present study confined to new entrepreneurs and women entrepreneurs for that. Secondary data were used to conduct the study. Secondary data were collected from official website of MUDRA and from annual report of MUDRA. For calculating utilization level utilization ratio were used. For that purpose the data were collected from the overall performance report of MUDRA in the year 2018-19. Utilization ratio is a measure to compare the individual's total debt balances to total available loan. It helps to find out one individual's credit score.

### REVIEW OF LITERATURE

Disbursement is the action of paying out or disbursing money. It is simple the disbursement of money. And utilization simple means making practical and effective use of something. Literature review involves a secondary analysis of available information already published in some form or unpublished. It helps the researcher to get familiarized with the research object and to establish the credibility of

the project. Thus, various studies relating with disbursement and utilization of MUDRA loans are reviewed in this chapter:

Sahid & Irshad (2016) conducted a descriptive study to know about the MUDRA Yojana and its key objectives. For analyzing such facts secondary sources of data has been collected. An attempt has been made in this paper to analyze the product offerings and performance so far of the scheme. For analyzing these matters secondary sources of data have been collected and an attempt has been made to analyze the product offerings and performance of the scheme. And the study concluded that the Growth of MSMEs will contribute to the development of 'Make in India' initiative. Agarwal & Dwivedi (2017) attempted a critical review of PMMY, which includes the overview of PMMY, performance analysis of the scheme based on state, caste and category, SWOT analysis of the scheme and some recommendations. The study concluded that PMMY is a great initiative taken by the GOI. Due to it, there is a big change in the area of

microfinance. The scheme will help the weaker section, low income group and unfunded population and also will increase the competition. Godha & Nama (2017) attempted to seek depth overview on salient features of PMMY, MUDRA bank, MUDRA product offerings, MUDRA role & responsibilities, financial inclusion & PMMY, progress made under PMMY and state wise PMMY report. They have concluded from the study that due to PMMY there is a bigger change in the area of micro finance. This scheme will promote competition to give credit support to this weaker section, low income group and this unfunded population. Kavitha & Kumar (2017) empirically analyses bank efficiency in implementing a government scheme that promotes entrepreneurship. They try to find out the technical and scale efficiency of 42 Indian banks, including a comparative efficiency between private and public sector banks in providing loans under the Prime Minister MUDRA Yojana scheme (PMMY), to promote entrepreneurship and facilitate easy access to

capital for small and micro units, including the start-ups, by using data on the number of loans sanctioned and Amount of loan disbursed under the scheme. From the study they examined that Indian banks have been less efficient in implementing the PMMY, Public sector banks were more efficient in providing loans under the scheme and providing loans to start ups under the scheme than the private sector banks. Varsha & Sanjeev (2017) try to conduct a study on the topic “PMMY: Role of financial institution in micro finance” based on the evolution of Micro Units Development of Refinance Agency (MUDRA) and Pradhan Mantri Mudra Yojana (PMMY) for funding the non-corporate small business sector. The paper focused on analyzing the progress of micro finance in the financial year 2015-16 after emergence of PMMY, and the contribution of various banks and micro financial institutes (MFIs) in loans disbursement to non-corporate small business sector. It concluded that public sector bank has been leading in financing but through Kishore and Tarun scheme while

majority of funding under Shishu scheme has been done by NBFC-MFIs. In a review paper “An analysis of performance and impact of MUDRA Yojana under PMMY in the year 2016” try to know about the MUDRA Yojana and its key objectives. The paper highlights the role and importance of MUDRA bank towards the small business units. And the paper finds that the Scheme is well accepted by banking and other financial institutions. With MUDRA, certain things have changed and it is helping more and more people to become self-employed (Mahajan-2018). Kumar et.al. (2018) attempted an empirical investigation of contribution of financial institutions to the success of Pradhan Mantri Mudra Yojana (PMMY). The primary research study has been designed to investigate the current market position and performance of different financial entities in the Mudra loan segment. 364 officials from banks and non-banking entities those are into Mudra loan business have been interviewed by using Ordinary Least Square (OLS) technique. The

study finds that some of the strengths of the banks as well as NBFCs/ MFIs in Mudra loan market space are identification of genuine borrowers, better recovery mechanism, simplified process in appraisal and documentation and focused approach etc. and the study concluded that KYC and other business related documents are the contentious issues in extending easy credit to Mudra loan borrowers.

**RESULTS AND DISCUSSION**

In this study the disbursement and utilization of MUDRA loan under Pradhan Mantri Mudra Yojana (PMMY) scheme among new and women entrepreneurs are analyzed using a utilization Ratio. For calculating utilization ratios secondary data from overall performance report of Mudra Loan in the year 2018-19 were used.

$$\text{Utilization Ratio} = (\text{Total debt Balance}) / (\text{Total Available loan})$$

**Table no: 1 disbursement and utilization ratio of category of Shishu (Loans upto Rs.50000)MUDRA loan among new and women entrepreneurs in the year 2018-19**

category	Sanction Amount (in crore)	Disbursement Amount (in crore)	Utilization Ratio (in %)
New entrepreneurs	29133.30	28768.86	98.74
Women entrepreneurs	96253.15	93977	97.63

(Source: Mudra overall performance report 2018-19)

The above table shows that the new and women entrepreneurs is effectively utilizing sanctioned amount of “Shishu” a category of Mudra loan for setting up and entrepreneurship growth stage.

**Table no: 2 disbursement and utilization ratio of category of Kishore (Loans from Rs.50000- Rs. 5 lakhs) MUDRA loan among new and women entrepreneurs in the year 2018-19**

category	Sanction Amount (in crore)	Disbursement Amount (in crore)	Utilization Ratio (in %)
New entrepreneurs	43337.87	40195.47	92.74
Women entrepreneurs	26741.23	25666.77	95.98

(Source: Mudra overall performance report 2018-19)

Table no: 2 shows that women entrepreneurs used the highest amount of Kishore loan sanctioned under Mudra Yojana for development and funding needs of micro units and entrepreneurs.

**Table no: 3 disbursement and utilization ratio of category of Tarun (Loans from Rs. 5 lakhs- 10 Lakhs) MUDRA loan among new and women entrepreneurs in the year 2018-19**

category	Sanction Amount (in crore)	Disbursement Amount (in crore)	Utilization Ratio (in %)
New entrepreneurs	33561.89	31961.25	95.23
Women entrepreneurs	10039.23	9509.46	94.72

(Source: Mudra overall performance report 2018-19)

The utilization score shows that the new entrepreneurs (95.23%) and women entrepreneurs (94.72%) utilized the almost money sanctioned under Tarun for expansion and gradual growth of the micro units and entrepreneurs.

**Table no: 4 disbursement and utilization ratio of total MUDRA Yojana in South India in the year 2018-19**

category	Sanction Amount (in crore)	Disbursement Amount (in crore)	Utilization Ratio (in %)
New entrepreneurs	106033.62	100925.58	95.18
Women entrepreneurs	133033.62	129153.23	97.08

(Source: Mudra overall performance report 2018-19)

Overall evaluation of Mudra loan shows that women entrepreneurs utilized the Mudra Yojana most effectively and widely. New entrepreneurs also used more than 90% of the sanctioned amount of mudra Yojana.



## FINDINGS

1. New and women entrepreneurs is effectively utilizing sanctioned amount of “Shishu” a category of Mudra loan for setting up and entrepreneurship growth stage.
2. Women entrepreneurs used the highest amount of “Kishore” loan sanctioned under Mudra Yojana for development and funding needs of micro units and entrepreneurs
3. New entrepreneurs (95.23%) and women entrepreneurs (94.72%) utilized the almost money sanctioned under “Tarun” for expansion and gradual growth of the micro units and entrepreneurs.
4. Women entrepreneurs utilized the Mudra Yojana most effectively and widely by overall.

## CONCLUSION

Pradhan Mantri Mudra Yojana (PMMY) scheme will contribute to the welfare of the entrepreneurs engaged in small scale industries or micro units which will positively affect the progress of the economy as a whole and also for rural development and women empowerment of the country. MUDRA creates a vision of formalizing the informal and thereby funding the unfunded so that they can develop the rural sector. The present study about performance of Mudra Yojana finds that women entrepreneurs utilizing the disbursed amount of Mudra Yojana effectively by distributing Major portion of the loan to setting up of micro units under SHGs. And also new entrepreneurs also using the Mudra loan widely for the entire rural development of the country. So from the study it is concluded that sanctioned amount of Mudra wisely used by the new and also women entrepreneurs for the rural development and whole women empowerment of the India as a whole.

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