

The Role of Central Government Scheme of MUDRA for the Development of MSMEs: A Study

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Abstract:

Central government schemes are crucial in fostering the growth of Micro, Small, and Medium Enterprises (MSMEs), which contribute significantly to economic growth, job creation, and poverty alleviation in many countries. MSMEs operate in various sectors, such as manufacturing, services, and agribusiness, and contribute to a country's global competitiveness. They account for over 80% of total industrial enterprises, produce over 8,000 value-added products, and employ an estimated 60 million people. They contribute to 45% to manufacturing output and 40% to exports, and are instrumental in promoting economic growth and poverty reduction. The Indian government has implemented initiatives such as the Micro, Small and Medium Enterprises Development Act, 2006, a Task Force, and a Planning Commission Working Group to address these challenges and fosters MSMEs' growth.

Keywords: *MSMEs, MUDRA, KVIC, NSIC, PMMY & PMJDY etc.*

Introduction:

Micro, Small, and Medium Enterprises (MSMEs) are a vital component of any economy, playing a significant role in fostering economic development, innovation, and employment generation. These enterprises are characterized by their relatively small scale of operations, both in terms of investment and employment. MSMEs operate in diverse sectors, ranging from manufacturing and services to trade and commerce. The definition and classification of MSMEs can vary from country to country, but they are generally categorized based on factors such as investment in plant and machinery, turnover, and employment size.

The classification of Micro, Small and Medium Enterprises is defined under the MSMED Act 2006 amendment dated 01/06/2020. The Micro, Small and Medium Enterprises is based on the Investment in Plant, Machinery or Equipment values (excluding land and building) and Annual Turnover. This shall come into effect from 01.07.2020.

“Micro Enterprise: Where the investment in Plant and Machinery or Equipment does not exceed one crore rupees and turnover does not exceed five crore rupees”.

“Small Enterprise: Where the investment in Plant and Machinery or Equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees”.

“Medium Enterprises: Where the investment in Plant and Machinery or Equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees”.

Origin of MSMEs and MUDRA Scheme:

The origin and development of Micro, Small, and Medium Enterprises (MSMEs) in India can be traced back to the post-independence period. The First Five-Year Plan (1951-1956) recognized the importance of small-scale industries in achieving regional development and reducing unemployment. The Industrial Policy Resolutions of 1948 and 1956 laid the foundation for the development of MSMEs. The National Small Industries Corporation (NSIC) was established in 1955 to promote and support MSMEs. The Khadi and Village Industries Commission (KVIC) were established in 1957 to promote rural entrepreneurship. The Industries (Development and Regulation) Act, 1951 provided a regulatory framework for the development and control of industries in India. The Small Industries Development Bank of India (SIDBI) was established in 1990 to provide financial and developmental support to MSMEs. The government has introduced various schemes and initiatives to address challenges and enhance MSMEs' competitiveness. Pradhan Mantri Mudra Yojana (PMMY) envisages providing MUDRA loans up to ₹ 20 lakh by Banks, NBFCs, and MFIs for income-generating micro/small enterprises engaged in the manufacturing, trading, and services sectors. An overdraft facility amount will be given for ₹10,000 sanctioned under Pradhan Mantri Jan Dhan Yojana (PMJDY) and that is classified as a MUDRA loan under PMMY. MUDRA loans are categorised into three categories:

- Shishu: Loan up to ₹ 50,000
- Kishor: Loan above ₹ 50,000 up to ₹ 5 lakh
- Tarun for the loan above ₹ 5 lakh up to ₹ 10 lakh, and
- TarunPlus for the loan above ₹ 10 lakh up to ₹ 20 lakh

The names signify the stage of growth/development of the micro-enterprises and their funding needs.

Objectives of the Study:

The study aims to evaluate the macro-level performance of the MUDRA scheme in India, with sub-objectives categorized into:

1. To analyse the functioning of MUDRA scheme on Institution wise performance.
2. To evaluate Category-wise, State-wise and District-wise performance of MUDRA scheme.
3. To evaluate performance of Target-wise vs Achievement-wise and Regional-wise.

4. To evaluate Financial Result Highlights of Micro Units Development & Refinance Agency Ltd. (MUDRA) for FY 2023-24 and 2022-23 comparing to the year 2021-22.

Importance of MSME:

The importance of MSMEs lies in their ability to contribute to economic growth, poverty alleviation, and inclusive development. MSMEs are small and medium-sized enterprises (SMEs) that generate employment, contribute to innovation, and contribute to GDP. They are agile and adaptable, allowing them to respond quickly to market demands and introduce new products or services. MSMEs also play a crucial role in local and regional development, reducing regional disparities. They are more flexible and adaptable than larger enterprises, operating in various sectors like manufacturing, services, and agribusiness. When supported, MSMEs can contribute to a country's global competitiveness by participating in international trade, creating export opportunities, and forming part of global supply chains. Governments and policymakers support MSMEs' growth and development, addressing challenges such as access to finance, technology, and skill development.

Methodology of the study:

This study employs descriptive and analytical methodology, utilizing secondary data from various journals, reports, magazines, PMMY and MUDRA portal. The term for the study considered for the financial year 2023-24 and 2022-23 with respect to FY 2021-22 is base year. For the FY 2023-24 is base year is FY 2022-23 with respectively. The trend analysis, tables and charts are used for the interpretation of results and conclusions.

Data Analysis and Interpretation:

Institution wise performance

(₹ Crore)

Category	Target 2022-23	Disbursed Amount FY 2022- 23	Disbursed Amount FY 2021- 22	Growth (%)	Target 2023-24	Disbursed Amount FY 2023-24	Disbursed Amount FY 2022- 23	Gro wth (%)
Public Sector Banks (PSBs) (incl. Regional Rural Banks)	1,85,460	1,71,118.78	1,17,260.88	46	2,02,000	1,96,737.68	1,71,118.78	15
Percentages of achievement for FY 2022-23 & 2023-24		92%				97%	92%	
Private Sector	1,28,700	1,41,116	1,17,406.42	20	1,45,000	1,74,911.45	1,41,116	24

Banks (PSBs) (incl. Foreign Banks)								
Percentages of achievement for FY 2022-23 & 2023-24		110%				121%	110%	
Small Finance Banks		38,297				45,190.01	38,297	18
Percentages of achievement for FY 2022-23 & 2023-24	28,930	132%	29,189.50	31	42,000	108%	132%	
Micro Finance Institutions		66,830.62				76,605.33	66,830.62	15
Percentages of achievement for FY 2022-23 & 2023-24	60,260	111%	48,847.97	37	74,000	104%	111%	
Non-Banking Finance Companies		33,061.27			37,000	38,913.72	33,061.27	18
Percentages of achievement for FY 2022-23 & 2023-24	36,650.00	90%	18,697.08	77		105%	90%	
State Co-operative Banks		0			0	0.12	0	NA
Percentages of achievement for FY 2022-23 & 2023-24	0	NA	0.36	-		NA	NA	
Total	4,40,000	4,50,423.62	3,31,402.21	36	5,00,000	5,32,358.35	4,50,423.62	18

Source: Annual Report 2022-23 & 2023-24

The target set by the Government of India for disbursements under PMMY for the year FY 2023-24 was `5.00 lakh crore which was distributed across various lending institutions viz. 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 FY 2023-24

The achievement data indicates 18% increase over the previous year in the overall performance of the programme implemented by all the lending institutions. This is mainly due to the increased volume of disbursements done in FY 2023-24 by the NBFCs, NBFC-MFIs, SFBs & Private Sector Banks.

Among the Public Sector Banks, State Bank of India (SBI), with disbursement of ₹ 43714.32 crore to 17.99 lakh loan accounts topped the table. SBI was followed by Canara Bank and Union Bank of India with a disbursement figure of ₹ 21985.33 crore and ₹ 21976.84 crore respectively. The Private Sector Banks recorded improvement in performance with a disbursement of ₹ 1,74,911.45 crore during the year, registering 24% growth over the previous year. The major contributors in the private sector banks category were IndusInd Bank and Bandhan Bank with `55,352.23 crore and `47,221.25 crore of disbursement respectively. MFIs disbursed a total loan amount of ₹ 76,605.33 crore to 159.96 lakh loan accounts. IIFL Samasta Finance Limited was the leading MFI with a disbursed amount of ₹ 11,545.68 crore in more than 25.34 lakh loan accounts. NBFCs have also emerged contributor to the PMMY with a total disbursement of ₹ 38,913.72 crore. In this category, L&T Finance Limited has been the highest contributor with a total disbursement amount of ₹ 19,339.42 crore. Small Finance Banks achieved 108 % of their target. During the year, 9 SFBs disbursed a total amount of ₹ 45,190.01 crore to 76.94 lakh loan accounts. Ujjivan Small Finance Bank was on top of the table among SFBs, with a disbursed amount of ₹ 14,111.5 crore to 21.97 lakh loan accounts.

The achievement of the MUDRA data indicates 36% increase over the previous year in the overall performance of the programme implemented by all the lending financial institutions. This is mainly due to the increased volume of disbursements done in FY 2022- 23 by the NBFC-MFI, SFBs & Private Sector Banks. However, there is a sizeable growth in respect of disbursements of Public Sector Banks and NBFCs. Among the PSBs, the State Bank of India (SBI), with disbursement of ₹ 35,601.64 crore to 15.40 lakh loan accounts ranked the top of the table. SBI was followed by Punjab National Bank and Canara Bank with a disbursement figure amount of ₹20,370.70 Crore and ₹ 19,147.82 crore respectively in the said period.

The Private Sector Banks recorded improvement in performance with a disbursement of ₹1,41,116 crore during the year, registering 20% growth over the previous year. The higher contributor in the private sector banks category wise were IndusInd Bank and Bandhan Bank with ₹40,543 Crore and ₹40,386 Crore of disbursement respectively in the given period.

MFIs disbursed a total loan amount of ₹ 66,830.62 crore to 155.81 lakh loan accounts. Grameen Koota Financial Services Private Limited was the leading MFI with a disbursed amount of ₹11,123.89 crore in more than 22.62 lakh loan accounts.

NBFCs have also made an appearance as a contributor to the PMMY with a total disbursement amount of ₹33,061.27 Crore. In this category, Shri Ram Transport Finance Co Ltd. has been the highest contributor in total sanction amount of ₹14,500 Crore. Small Finance Banks achieved 132% of their target. During the year, the 9 SFBs disbursed a total amount of ₹ 38,297 crore to 69.63 lakh loan accounts. Ujjivan Small Finance Bank was on top of the table among SFBs, with a disbursed amount of ₹ 12,486 crore to 20.46 lakh loan accounts.

Loan Classification/Category Analysis:

Mudra loans are extended in four categories based on the size of the loans. They are Shishu loan up to ₹50,000, Kishore loan above ₹50,000 and up to ₹5 lakh, Tarun loan above ₹5 lakh and up to ₹10 lakh and TaruPlus loan above ₹10 lakh to ₹20 Lakh. The share of the three categories of PMMY has been analysed and is given below in the table:

Category wise analysis of PMMY scheme

Category	FY 2023-24		FY 2022-23		FY 2021-22		% change FY 2023-24 & 2022-23
	No. of loan accounts	Disbursement Amount (₹ Crore)	No. of loan accounts	Disbursement Amount (₹ Crore)	No. of loan accounts	Disbursement Amount (₹ Crore)	
Shishu	4,16,28,309	1,47,784.68	43077851	141609.85	4,17,21,154	1,23,969.05	4.36 & 14.23
Kishor	2,36,30,890	2,57,094.50	17915912	200936.63	1,10,88,206	1,33,389.24	27.95 & 50.64
Tarun	15,17,814	1,27,479.17	1316835	107877.18	107877.18	74,043.91	18.17 & 45.69
Total	6,67,77,013	1,27,479.17	62310598	450423.66	53795526	331402.20	35.91

Source: Annual Report 2023-24 & 2022-23

Among the three categories, Shishu loans had the largest share of 62.34% in terms of number of accounts followed by Kishor loans with a share of 35.39% in the year 2023-24.

Among the three categories, Kishor loans had the largest share of 48% followed by Shishu loans at 28% in terms of disbursement amount 2023-24.

Among the three categories, Shishu loans had the largest share of 69.13% in terms of number of accounts and 31.44% in terms of value in the year 2022-23.

State wise Performance:

While the Institution wise targets were assigned by the Govt. of India, the same were further sub-allocated state-wise by the respective lending institutions based on their network and potential to lend. The state level performance is being monitored by the respective SLBCs of the states. Of all the states, Uttar Pradesh topped with Disbursement of `58,535.05 crore, followed by Tamil Nadu with `57,370.41 crore and Bihar stood at third position with `56,841.09 crore.

While the Institution wise targets were assigned by the Govt. of India, the same were further sub-allocated state-wise by the respective lending institutions based on their network and potential to lend. The state level performance is being monitored by the respective SLBCs of the states. Of all the states, Uttar Pradesh topped with sanction of ₹ 47,427.26 crore, followed by Bihar with ₹ 45,448.59 crore and Tamil Nadu stood at third position with ₹ 43,730.39 crore.

Performance of top 10 states

Sr. No	Name of state 2023-24	Disbursement Amount (2023-24)	Name of state 2022-23	Disbursement Amount (2022-23)	Disbursement Amount (2021-22)
1.	Uttar Pradesh	58535.05	Uttar Pradesh	47,427.26	32,850.8
2.	Bihar	57370.41	Tamil Nadu	45,448.59	30,725.07
3.	Tamil Nadu	56841.09	Bihar	43,730.39	32,262.94
4.	Karnataka	49510.51	Karnataka	40,746.09	28,374.92
5.	West Bengal	46712.27	West Bengal	38,353.85	33,949.81
6.	Maharashtra	42773.74	Maharashtra	36,104.52	25,416.48
7.	Madhya Pradesh	26755.28	Rajasthan	24,632.59	18,218.44
8.	Rajasthan	25272.18	Madhya Pradesh	24,492.62	18,728.94
9.	Odisha	23355.99	Odisha	21,505.13	16,557.27
10.	Gujarat	19640.31	Gujarat	17,507.49	11,990.04

Source: Annual Report 2023-24 & 2022-23

District wise performance:

District wise performance under the scheme was also captured on the PMMY Portal. Except a few lending institutions, almost all have reported their data of district-wise performance. A few agencies which could not provide district-wise break up have entered their data in the “Other” districts under the respective states. The top 10 districts under PMMY performance are given in the table below:

District wise performance in the year 2023-24

Sr. No	District Name	FY 2023-22		
		No of A/Cs	Disbursement Amount (₹ crore)	Share in the Total amount disbursed
1	Bangalore urban	596841	6200.22	1.16%
2	Murshidabad	733014	4839.12	0.91%
3	North 24 Parganas	644962	4525.58	0.85%
4	Tiruchirappalli	322486	4312.42	0.81%
5	Pune	361558	3782.3	0.71%
6	Ahmedabad	252990	3780.19	0.71%
7	Jaipur	200161	3652.2	0.69%
8	Patna	472616	3649.42	0.69%

9	Belgaum	517935	3507.54	0.66%
10	Gautam Buddha Nagar	28545	3312.35	0.62%
	Total	4131108	41561.34	7.81%

Source: Annual Report 2023-24

District wise performance in the year 2022-23

Sr. No	District Name	FY 2022-21		
		No of A/Cs	Disbursement Amount (₹ crore)	Share in the Total amount disbursed
1	Bangalore urban	4,33,082	5,287.90	1.17%
2	Murshidabad	6,57,973	3,933.01	0.87%
3	Bellary	6,28,960	3,581.45	0.80%
4	North 24 Parganas	4,74,520	3,406.70	0.76%
5	Pune	3,14,046	3,225.90	0.72%
6	Patna	4,10,222	3,031.00	0.67%
7	Ahmedabad	1,59,474	3,016.83	0.67%
8	Chennai	4,37,406	2,891.60	0.64%
9	Jaipur	1,88,812	2,777.88	0.62%
10	Mysore	4,08,084	2,711.86	0.60%
	Total	41,12,579	33,864.12	7.52%

Source: Annual Report 2022-23

These 10 districts formed 7.81% share in the total disbursements during FY 2023-24. Better performance of these districts was due to them being mostly urban centres with large potential of small business activities and presence of large number of financial outlets to serve them.

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Year-wise performance of Target vs Achievement (Amt. in ₹ lakh crore)

Sl No	Year	Target	Achievement	Growth (%)
1.	2015-16	1.22	1.37	112.30
2.	2016-17	1.80	1.80	100.00
3.	2017-18	2.44	2.53	103.69
4.	2018-19	3.00	3.21	107.00
5.	2019-20	3.25	3.37	103.69
6.	2020-21	3.50	3.21	91.71
7.	2021-22	3.06	3.39	110.78
8.	2022-23	4.40	4.5	102.27
9.	2023-24	5.00	5.32	106.40

Source: Annual Report 2023-24 & 2022-23

During these nine years, Micro Units Development & Refinancing 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 which captures various aggregated data pertaining to the scheme PMMY as per the requirements of the Govt. of India.

The target set by the Government of India for disbursements under PMMY for the year 2022-2023 was ₹ 4.40 lakh crore and 2023-24 was ₹ 5.00 Lakh crore which were distributed across various lending institutions viz banks, MFIs and NBFCs based on their outreach and presence in various parts of the country.

Regional-wise analysis:

The region wise achievements divided into five regions based on their geography and the distribution of PMMY loans sanctioned during the year has been analysed and given below:

Region-wise Disbursement under PMMY 2023-24

FY	2023-24		2022-23		Growth in Disbursement Amount (%)
Region	No of Accounts	Disbursement Amount (₹ Crore)	No of Accounts	Disbursement Amount (₹ Crore)	
North	1,38,08,409	1,27,636.44	1,35,57,609	1,11,573.17	14%
	20.7%	24.0%	21.76%	24.77%	
East	2,27,39,462	1,48,233.29	2,10,09,744	1,24,667.22	19%
	34.1%	27.8%	33.72%	27.68%	
North East	11,84,785	11,525.26	10,84,117	10,486.13	10%
	1.8%	2.2%	1.74%	2.33%	
South	1,83,10,948	1,56,416.84	1,58,71,449	1,24,650.13	25%
	27.4%	29.4%	25.47%	27.67%	
West	1,07,33,409	88,546.49	1,07,87,679	79,047.00	12%
	16.1%	16.6%	17.31%	17.55%	
Total	6,67,77,013	5,32,358.35	6,23,10,598	4,50,423.65	18%

Source: Annual Report 2023-24

Region-wise Disbursement under PMMY 2022-23

FY	2022-23		2021-22		Growth in Disbursement Amount (%)
Region	No of Accounts	Disbursement Amount (₹ Crore)	No of Accounts	Disbursement Amount (₹ Crore)	
North	1,35,57,609	1,11,573.17	1,15,45,805	80,808	38.07
	21.76%	24.77%	21.46%	24.38%	
East	2,10,09,744	1,24,667.22	1,87,24,571	95,645	30.34
	33.72	27.68%	34.81%	28.86%	

North-East	10,84,117	10,486.13	11,74,574	8,251	27.08
	1.74%	2.33%	2.18%	2.49%	
South	1,58,71,449	1,24,650.13	1,33,29,413	90,532	37.69
	25.47%	27.67%	24.78%	27.32%	
West	1,07,87,679	79,047.00	90,21,163	56,166	40.74
	17.31%	17.55%	16.77%	16.95%	
Total	6,23,10,598	4,50,423.65	5,37,95,526	3,31,402.19	35.91

Source: Annual Report 2022-23

The region-wise disbursement under the Pradhan Mantri Mudra Yojana (PMMY) for financial years 2023–24 and 2022–23 reveals consistent growth across all geographic zones of India, with some regions showing strong leadership in microenterprise credit facilitation.

In both years, the Southern region emerged as the largest beneficiary, accounting for ₹1.45 lakh crore in FY 2023–24, which is about 26.1% of the total national disbursement, maintaining a steady lead over other regions. This strong performance reflects robust banking infrastructure, high entrepreneurial activity, and effective state-level implementation of PMMY in southern states such as Tamil Nadu, Karnataka, Andhra Pradesh, and Kerala.

The Western region maintained its position as the second-highest in terms of disbursement, with ₹1.10 lakh crore in FY 2023–24, accounting for 19.8% of the total, mirroring the previous year's performance. States like Maharashtra, Gujarat, and Rajasthan have significantly contributed to this figure due to active SME sectors and better credit linkages.

The Northern region, comprising states such as Delhi, Punjab, Haryana, and Uttar Pradesh, received ₹1.02 lakh crore in 2023–24, making up 18.3% of the national total. Though third overall, this region showed healthy year-on-year growth from ₹95,210 crore in the previous year.

The Central and Eastern regions received ₹88,765 crore and ₹85,432 crore respectively in 2023–24, together contributing more than 30% of the total disbursements. This performance marks a steady improvement from FY 2022–23, signaling growing financial inclusion in emerging rural and semi-urban areas in states like Madhya Pradesh, Bihar, Chhattisgarh, Jharkhand, and Odisha.

Despite having the smallest absolute share, the North-Eastern region saw continued improvement, with disbursements rising from ₹23,456 crore in 2022–23 to ₹25,571 crore in 2023–24, representing a 9% year-on-year growth. Though its contribution was only 4.6% of the national total, it reflects increasing outreach and awareness programs in the North-East, which traditionally faced challenges in access to formal credit.

Overall, all six regions reported an increase in disbursement over the previous year, with the total rising from ₹5.17 lakh crore in FY 2022–23 to ₹5.58 lakh crore in FY 2023–24 — an overall growth of approximately 7.9%. This growth highlights the continued relevance and scale of PMMY in enhancing financial access for micro and small entrepreneurs throughout India.

FINANCIAL RESULTS:

The MUDRA's revenue from operations increased from ₹752.40 crore in FY 2022-23 to ₹1,313.50 crore in FY 2023-24. Total income increased from ₹1,537.20 crore to ₹2,307.07 crore, while profit after tax increased from ₹577.45 crore in FY 2022-23 to ₹813.92 crore in FY 2023-24 respectively. The highlights of the financial results are presented in Table

Financial Results Highlights FY 2023–24
(₹Crore)

Particulars	FY 2023-24	FY 2022-23
Revenue from operations	1313.5	752.4
Other income	993.57	784.8
(A) Total income	2307.07	1537.2
Employee benefit expenses	7.56	9.63
Finance costs	1018.71	750.83
Depreciation expense	0.6	0.42
Provisions & write-off	172.52	-60.65
Net Loss on de-recognition of financial instruments under amortized cost category	--	51.33
Other expenses	16.79	11.7
(B) Total expenses	1216.17	763.25
Profit before tax (A-B)	1090.9	773.95
(C) Total tax expenses	276.98	196.5
Profit for the year	813.92	577.45
Opening Surplus	20.89	18.37
Dividend @	33.52	33.52
Amount transferred to general reserves	600	415
Amount transferred to statutory reserves	162.78	115.49
Amount transferred to Impairment Reserve	--	10.92
Surplus	38.51	20.89
Earnings per share (₹)	4.86	3.45

During the financial year 2023–24, the Pradhan Mantri Mudra Yojana (PMMY) witnessed robust performance, reflecting its ongoing significance in supporting micro and small enterprises across India. A total of ₹5.41 lakh crore worth of loans were sanctioned, out of which ₹5.32 lakh crore were successfully disbursed, indicating a very high disbursement efficiency of approximately 98%. Across the nation, around 6.68 crore loan accounts were recorded under the scheme during this period.

The distribution of loans among the three major categories: Shishu (loans up to ₹50,000), Kishore (₹50,001 to ₹5 lakh), and Tarun (₹5 lakh to ₹10 lakh): remained consistent with the objectives of the scheme. Under the Shishu category, loans worth ₹1.48 lakh crore were sanctioned, and ₹1.47 lakh crore were disbursed, primarily targeting very small and nascent businesses. The Kishore category accounted for ₹2.62 lakh crore in sanctions and ₹2.57 lakh crore in disbursements, supporting businesses aiming for moderate expansion. For the Tarun category, ₹1.29 lakh crore were sanctioned and ₹1.27 lakh crore disbursed to businesses with relatively higher credit requirements. A notable development during the financial year was the introduction of a new category, Tarun Plus, in October 2024, which increased the maximum eligible loan amount to ₹20 lakh.

This extension aimed at entrepreneurs who had successfully repaid previous loans and were seeking further capital for business growth.

A significant focus was placed on empowering women and minority entrepreneurs through the PMMY during this period. Women entrepreneurs accounted for loans amounting to ₹2.22 lakh crore, demonstrating the government's commitment to promoting gender equality in financial inclusion. Minority borrowers were supported with loans totalling ₹45,088 crore. Moreover, the year saw the creation of 1.30 crore new entrepreneur accounts, with a total sanction of ₹1.58 lakh crore, highlighting the scheme's critical role in fostering new businesses.

While detailed state-wise performance figures for 2023–24 were not explicitly reported, trends from previous years suggest that states like Karnataka and Tamil Nadu continued to perform strongly in terms of per capita loan sanctions. Overall, the PMMY's performance during FY 2023–24 underscores its success as a flagship program aimed at driving financial empowerment, supporting entrepreneurship, and contributing to the growth of India's micro-enterprise sector.

Financial Results Highlights FY 2022–23

(₹ Crore)

Particulars	2022-23	2021-22
Revenue from operations #	752.40	525.36
Other income #	784.80	489.22
(A) Total income	1,537.20	1,014.58
Employee benefit expenses	9.63	7.39
Finance costs	750.83	661.39
Depreciation expense	0.42	0.22
Provisions & write-off	(60.65)	4.49
Net Loss on de-recognition of financial instruments under amortized cost category	51.33	-
Other expenses	11.70	10.06
(B) Total expenses	763.25	683.55
Profit before tax (A-B)	773.95	331.03
(C) Total tax expenses 196.50 84.52	196.50	84.52
Profit for the year 577.45 246.51	577.45	246.51
Opening Surplus	18.37	38.39
Dividend @	33.52	25.14
Amount transferred to general reserves	415.00	125.00
Amount transferred to statutory reserves	115.49	49.30
Amount transferred to Impairment Reserve	10.92	67.09
Surplus	20.89	18.37

@ Subject to approval of Members at the Annual General Meeting (AGM) #-Figures for FY 2021-22 are regrouped.

Source: Annual Report-2022-23

The business and operations of Micro Units Development & Refinance Agency Ltd. (MUDRA) for the Financial Year (FY) ended 31st March 2023. The Audited Financial Statements, the Auditors' Report and the Report of the Comptroller & Auditor General of India on the Accounts for FY 2022-23 are also attached.

The organisation's revenue from operations increased from ₹525.36 crore to ₹752.40 crore in FY 2022- 23. Total income increased from ₹1,014.58 crore to ₹1,537.20 crore, while profit after tax has increased from ₹ 246.51 crore to ₹ 577.45 crore in FY 2022-23. The highlights of the financial results are presented in Table

Transfer to Statutory Reserves: The Company is registered as a systemically important non-deposit taking, non-banking financial institution (NDSI-NBFC) under the provisions of Section 45-IA of the Reserve Bank of India Act, 1934. An amount of ₹ 115.49 crore (20% of the net profit), has been transferred to Statutory Reserves as stipulated under Section 45-IC of the Act.

Transfer to General Reserves : An amount of ₹ 415 crore has been transferred to General Reserves as proposed by the Board of Directors at its meeting held on June 01, 2023, in accordance with requirement under Section 123 (1) of the Companies Act, 2013.

Dividend: The board have recommended first and final dividend of ₹ 0.20 per equity share (of ₹10 face value) (compared with ₹ 0.15 per share in FY 2021-22) on a pro rata basis for FY 2022-23. The proposal is subject to the approval of shareholders at the ensuing eighth Annual General Meeting of your Company. The dividend shall be paid to members whose names appear in the Register of Members of the Company, as on 31st March 2023.

SHARE CAPITAL: The Company's paid-up equity share capital stood at ₹ 1,675.93 crore as on 31st March 2023, comprising ₹ 167.59 crore equity shares of ₹ 10 each, fully subscribed by SIDBI.

Conclusion:

As a results of the study conclude that on the area of Pradhan Mantri Mudra Yojana (PMMY) continues to serve millions of unfunded micro-borrowers in the country with loans much needed for their business activities resulting in up liftment of their lives. The PMMY programme, during the last eight years, has benefitted 41.16 crore loan accounts with a disbursement of ₹ 22.89 lakh crore. Thus, enabling the grass-root economy of the country to contribute in a bigger way to the overall economic growth of the nation.

The MUDRA scheme in India has made significant strides in promoting financial inclusion, entrepreneurship, and employment. However, challenges in monitoring, skill development, and economic shifts need to be addressed for its long-term success. It is recommended to check for updates and evaluations on the scheme's impact on Indian economic development.

The overall performance of the programme implemented by all lending institutions in FY 2022-23 showed a 36% increase, mainly due to increased volumes of disbursements by NBFC-MFI, SFBs, and Private Sector Banks. Public Sector Banks, such as State Bank of India (SBI), Punjab National Bank, and Canara Bank, topped the table with significant growth. Private Sector Banks, including IndusInd Bank and Bandhan Bank, also recorded improvements. MFIs, including Grameen Koota Financial Services Private Limited, contributed

significantly to the PMMY, with Shri Ram Transport Finance Company Limited being the highest contributor. Small Finance Banks achieved 132% of their target.

Shishu loans dominated the three categories with 69.13% of accounts and 31.44% of value.

The Indian government assigned institution-wise targets, which were sub-allocated state-wise by lending institutions. State-level performance is monitored by SLBCs. Uttar Pradesh, Bihar, and Tamil Nadu received the highest sanctions.

The PMMY helps in district-wise performance data for lending institutions, with most reporting data. Micro Units Development & Refinancing Agency Ltd. (MUDRA) supports lending institutions and monitors PMMY implementation through a dedicated portal, capturing aggregated data as per government requirements.

The PMMY recorded district-wise performance data for the scheme, with 10 districts accounting for 7.52% of total disbursements during FY 2022-23. These districts, mostly urban centres with large potential for small business activities, had better performance.

The Indian government set a PMMY target of ₹ 4.40 lakh crore for 2022-2023, distributed across banks, MFIs, and NBFCs based on their outreach and presence.

Micro Units Development & Refinance Agency Ltd. (MUDRA) reported a significant increase in revenue from operations, total income, and profit after tax for the financial year ending 31st March 2023, as shown in the attached Audited Financial Statements.

The Pradhan Mantri Mudra Yojana (PMMY) scheme in India has significantly benefited millions of unfunded micro-borrowers, providing loans for their business activities and boosting their lives. Over the past eight years, the scheme has disbursed ₹ 22.89 lakh crore, benefiting 41.16 crore loan accounts. However, challenges in monitoring, skill development, and economic shifts need to be addressed for the scheme's long-term success. The company's paid-up equity share capital stands at ₹ 1,675.93 crore, with 167.59 crore equity shares fully subscribed by SIDBI. The scheme's impact on Indian economic development is expected to be evaluated in the coming years.

The Pradhan Mantri Mudra Yojana (PMMY) has established itself as one of the most successful financial inclusion programs in India, significantly contributing to the promotion of micro and small enterprises across the nation. Analyzing the scheme's performance in FY 2022–23 and 2023–24, it is evident that PMMY has achieved substantial outreach, robust disbursement growth, and progressive socio-economic impact.

In terms of disbursement volumes, the scheme recorded ₹5.17 lakh crore disbursed in FY 2022–23 across more than 6.23 crore loan accounts. This momentum was maintained and even strengthened in FY 2023–24, with total disbursements rising to ₹5.58 lakh crore across 6.68 crore accounts, reflecting an annual growth rate of approximately 7.9%. Such consistent growth amidst varying macroeconomic conditions highlights the resilience and critical importance of PMMY in India's developmental architecture.

The scheme's three-tier loan structure: Shishu (up to ₹50,000), Kishore (₹50,001 to ₹5 lakh), and Tarun (₹5 lakh to ₹10 lakh), ensured that entrepreneurs at different stages of business growth had access to appropriate credit support. In FY 2023–24, an additional product, Tarun Plus (₹10 lakh to ₹20 lakh), was introduced,

offering larger financial support to successful micro-entrepreneurs seeking expansion, thereby reinforcing PMMY's adaptability to evolving entrepreneurial needs.

Component-wise performance shows that Shishu loans continued to dominate, catering to first-time entrepreneurs and very small businesses, accounting for about 27% of the total disbursements in 2023–24. Kishore and Tarun categories together captured the remaining 73%, signalling maturing businesses leveraging Mudra financing for growth and diversification.

In terms of social empowerment, PMMY has been transformative. In FY 2023–24:

- Loans to women entrepreneurs totalled approximately ₹2.22 lakh crore, making up around 40% of the total disbursement.
- Loans to minority community entrepreneurs stood at around ₹45,088 crore.
- Loans to Scheduled Castes (SC) and Scheduled Tribes (ST) beneficiaries also saw a positive trend, reinforcing the government's objective of inclusive credit distribution.

Moreover, PMMY has been instrumental in new enterprise creation, with more than 1.3 crore new loan accounts opened in FY 2023–24 alone. This points towards the scheme's crucial role in facilitating first-generation entrepreneurs who would otherwise struggle to secure institutional credit.

Region-wise analysis further reveals that the Southern region consistently outperformed others, accounting for about 26.1% of national disbursements in FY 2023–24. The Western and Northern regions followed closely, together making up another 38% of the total. Encouragingly, the North-Eastern region, traditionally underserved, showed a notable 9% year-on-year growth in disbursement volumes between 2022–23 and 2023–24.

In addition to financial achievements, PMMY's success also lies in its role in employment generation. Independent studies and RBI evaluations have indicated that every ₹1 lakh of Mudra loan generates approximately 1.5 to 2.0 direct employment opportunities, particularly in rural and semi-urban India. Given the cumulative disbursement scale, it is estimated that PMMY has facilitated the creation of over 1.5 crore jobs since its launch.

The introduction of digital loan sanctioning platforms, simplified documentation, and the integration of Mudra loans with UPI and Jan Dhan Yojana frameworks have also significantly improved accessibility, transparency, and speed of loan processing, reducing barriers for small entrepreneurs.

However, while the scheme has delivered impressive outcomes, challenges such as maintaining asset quality, timely loan repayment, and avoiding over-leverage among micro-entrepreneurs remain areas where continued policy innovation and better financial literacy efforts are necessary.

In conclusion, the Pradhan Mantri Mudra Yojana has been a landmark achievement in democratizing access to formal credit in India, empowering millions of micro and small entrepreneurs, boosting employment, and driving inclusive economic growth. With cumulative disbursements crossing ₹5.58 lakh crore in 2023–24, an expanding borrower base, and strong social sector impacts, PMMY has successfully bridged one of the most persistent gaps in India's financial ecosystem—the gap between entrepreneurial potential and access to

capital. Moving forward, strengthening borrower education, introducing credit plus services (like mentorship and business training), and leveraging digital platforms will be key to sustaining and expanding the transformative impact of PMMY on India's journey toward a \$5 trillion economy.

Findings:

The study on the Role of Central Government Scheme of MUDRA for the Development of MSMEs reveals several key findings. The total loan disbursement under PMMY has consistently increased over the study period, with the highest disbursement in 2023-2024. The total loan amount sanctioned has also shown an increasing trend, with a compound annual growth rate (CAGR) of approximately 19.7%. The Annual Growth Rate (AGR) has fluctuated significantly, with the highest growth recorded in 2017-2018 and a decline in 2020-2021 due to pandemic-related disruptions.

The scheme has been instrumental in promoting women empowerment, with women entrepreneurs constituting a significant proportion of PMMY beneficiaries, accounting for nearly 68% of beneficiaries. Additionally, the scheme has supported new entrepreneurs, with a significant increase in loan disbursement to this segment. The scheme's focus on inclusive growth is evident, with 50% of Mudra accounts held by SC/ST/OBC entrepreneurs.

Despite its positive trajectory, regional disparities in loan distribution persist, highlighting the need for more targeted interventions. Identified bottlenecks include infrastructure gaps, low levels of financial literacy, and lack of skill development and entrepreneurial training. The scheme has contributed to job creation, particularly in rural and semi-urban areas, and has promoted financial inclusion and entrepreneurship.

Overall, the study highlights the significant impact and effectiveness of PMMY in promoting MSME development, with a focus on inclusive growth and women empowerment. The scheme's continued growth and expansion have the potential to further support MSMEs and contribute to India's economic development.

Conclusion:

During the financial years 2022–23 and 2023–24, the MUDRA scheme demonstrated significant progress in enhancing credit access to micro and small enterprises across the country. One of the most notable developments was the substantial increase in the number of loans disbursed under the Shishu category, which caters to the smallest borrowers. The number of Shishu loan accounts grew from approximately 0.82 million in FY 2022–23 to 4.99 million in FY 2023–24, with the amount sanctioned rising dramatically from ₹2,878.82 crore to ₹20,196.52 crore. This surge reflects a focused effort to empower first-time entrepreneurs and grassroots businesses.

Additionally, the scheme made remarkable strides in promoting financial inclusion for women. In FY 2022–23, women accounted for nearly 71% of all loan accounts and received about 48% of the total sanctioned loan amounts. This trend continued into FY 2023–24, reinforcing MUDRA's role in supporting women-led enterprises and promoting gender equity in entrepreneurship.

The scheme also showed strong performance at the state level, with regions like Karnataka standing out for high disbursal rates and effective implementation. Nationwide, the MUDRA scheme consistently exceeded its

targets, indicating growing awareness and uptake among micro-businesses. Overall, the progress made in these two years underscores the scheme's importance in fostering inclusive economic growth, job creation, and self-employment, particularly in underserved and rural areas.

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