

Mudra Bank will Set a Milestone for New Entrepreneurs

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ABSTRACT

The largest problem-facing small-scale industries are lagging behind due to the lack of funding sources. There is no enough financial backing from the commercial banks and other top financial institutions. The primary impediment to the expansion of small-scale industry entrepreneurs is the dearth of funding available to this field. The majority of this industry lacks access to official funding sources. In a Developing country with vast population like India, small business units play a vital part not only in adding to nation income but also by providing employment to a large quantity of people. In order to address the financial and other limitations, the Indian government introduced the MUDRA Yojana after realizing the importance of independent contractors and small businesses. It is intended to assist small business owners and serve as the "Micro- Finance Institutions (MFIs)" regulating body. The 5.77 crore small business units dispersed across India that are now having trouble obtaining credit from the traditional banking system will now have easier access to credit limit to the MUDRA bank. The most often used characteristics of women's empowerment, derived from the frameworks created by several writers in diverse social scientific domains. These frameworks, which allow for overlap, propose that women's empowerment must take place on a number of fronts, including the legal, political, psychological, familial/interpersonal, sociocultural, and economic. Given the breadth of issues covered by these dimensions, women may find empowerment in one of these sub-domains.

Keywords: SSIs, Last Mile Financers, MUDRA Yojana, Micro- Finance Institutions (MFIs), *Malhotra ET. Al (2002)*

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STUDIES MUDRA BANKING: MAPPING INITIATIVES

Pradhan Mantri MUDRA Yojana (PMMY) was launched on 8th April 2015, with the aim of lending up to Rs. 10 lakhs as MUDRA loans to small and micro firms that are neither farms or corporations. Commercial banks, RRBs, Small Finance Banks, MFIs, and NBFCs were to disburse the loan. The borrower has the option to apply online or through any of these lending organizations. Three category, "Shishu," "Kishore," and "Tarun," have been developed by MUDRA under the auspices of PMMY to denote the financial requirements and stage of development of the recipient micro unit or entrepreneur. These products also serve as a point of reference for the subsequent graduation or growth phase.

Pradhan Mantri MUDRA Yojana (PMMY) is the government of India's flagship program designed to "fund the unfunded" by encouraging small businesses to enter the official financial system and expanding access to acceptable financing. Small borrowers are now able to obtain loans up to Rs 10 lakhs for non-farm income generating activities from all Public Sector Banks, including PSU Banks, Regional Rural Banks, Cooperative Banks, Private Sector Banks, Foreign Banks, Micro Finance Institutions (MFI), and Non- Banking Finance Companies (NBFC). According to estimates, women make up over 81% of Stand-Up India Scheme account holders, and 68% of loan accounts are held by female entrepreneurs. The fact that women own 41.93 crore accounts under PMJDY, compared to 23.21 crore accounts under the previous plan, further supports the initiative's significance for women.

With the help of the Pradhan Mantri MUDRA Yojana, MUDRA has produced three products or schemes: Tarun, which covers loans up to 10 lakh, Kishor, which covers loans above 50,000 and up to 5 lakh, and Shishu, which covers loans up to 50,000. The three interventions indicate the recipient micro unit's or entrepreneur's level of growth and finance needs. Sector- or activity-focused schemes were to be implemented in order to take advantage of beneficiary coverage and customize products to meet the demands of certain business activities.

OBJECTIVES OF THE STUDY

To review and analyze the efficient distribution of money under MUDRA banking.

EMERGENCE OF MUDRA BANKING IN INDIA

The establishment of MUDRA Bank was announced in the Union Budget for FY 2015-16, which was given by Hon. Finance Minister Shri Arun Jaitley. As a result,

MUDRA was registered with the RBI on April 7, 2015, as a non-banking financial institution and as a company under the Companies Act of 2013. On April 8, 2015, the Hon. Prime Minister Shri Narendra Modi introduced MUDRA at a ceremony held at Vigyan Bhawan in New Delhi. The goal of microfinance, a tool for economic development, is to give those at the bottom of the pyramid opportunity to generate money. It includes a variety of services such as lending as well as several other services like educating people about money management and other supporting services.

MONITORING OF PMMY

The Prime Minister of India introduced the Pradhan Mantri MUDRA Yojana (PMMY) in April 2015, a program that allows non-corporate, non-farm small and micro companies to borrow up to Rs. 10 lakhs. PMMY designates these loans as MUDRA loans. Commercial banks, RRBs, Small Finance Banks, MFIs, and NBFCs are the lenders providing these loans. Any of the lending organizations listed above may be contacted by the borrower, or they may apply online at www.udyamimitra.in. Under the auspices of PMMY, MUDRA has developed three products, "Shishu," "Kishore," and "Tarun," to denote the financial requirements and level of development of the recipient micro unit or entrepreneur and to serve as a benchmark for the subsequent graduation/growth phase.

NEED FOR THE STUDY

Funding organizations such as MUDRA banking assert that they offer sufficient financial support to elevate the economic standing of the populace, particularly ladies living in this nation. The study will concentrate on the fund category-related financing process and fund allocation in MUDRA banking. The influence of MUDRA Bank and its function as lending institutions are examined using a number of factors in this study. The study's findings will undoubtedly offer a direction for impact assessments of Mudra financial institutions.

Period of the Study

The present study draws its sources from secondary source. secondary data for four- year period 2013-14, 2014-15, 2015-16 and 2016-17 was analyzed.

Data analysis and interpretation

The secondary data was cleaned and coded before analysis. With the aid of Microsoft Excel and SPSS, the data was examined. Microsoft Excel was used to assist with the

data's graphical display. The purpose of testing a hypothesis is to use statistical methods such as regression analysis, ANOVA, correlation, mean, and standard deviation.

LIMITATIONS OF THE STUDY

The study focuses mainly on assessment, evaluation and impact of MUDRA banking.

MUDRA BANKING INITIATIVES IN INDIA

Table 1.1 shows a close analysis on MUDRA Loan and Borrowers of India from last 04 years (2015-16 to 2018-19). After analysing the data, we found the number of Loan Accounts open, number of accounts sanctioned and how much amount disbursed. The analysis shows in the last 04 years maximum loan accounts were open in the year 2018-19 and the number is 59870318 (32.79 per cent). The minimum loan accounts were open in 2015-16 and the number is 34880924 (19.10 per cent). Therefore, the rise in number of accounts is 71.64 per cent in last four years.

As per the analysis the maximum amount sanctioned in 2018-19 and the amount was Rs. 321722.79 crore (36.01 per cent). The minimum amount sanctioned in 2015-16 and the amount was Rs. 137449.27 crore (15.39 per cent). Therefore, the increment in sanctioned amount is 134.06 per cent in four years.

We can conclude that the maximum amount disbursed in 2018-19 and the amount was Rs. 311811.38 crore (35.98 per cent). The minimum amount disbursed in 2015-16 and the amount was Rs. 132954.73 crore (15.34 per cent). Therefore, the increment in disbursed amount is 134.52 per cent.

Table 1.1: MUDRA Loans and Borrowers in India

Year	Loan Accounts		Amount Sanctioned		Amount Disbursed	
	Number	Percent	Rs. in crore	Percent	Rs. in crore	Percent
2015-16	34880924	19.10	137449.27	15.39	132954.73	15.34
2016-17	39701047	21.74	180528.54	20.21	175312.13	20.23
2017-18	48130593	26.36	253677.11	28.40	246437.39	28.44
2018-19	59870318	32.79	321722.79	36.01	311811.38	35.98
Total	182582882	100.00	893377.71	100.00	866515.63	100.00

Source: MUDRA, Annual Report.

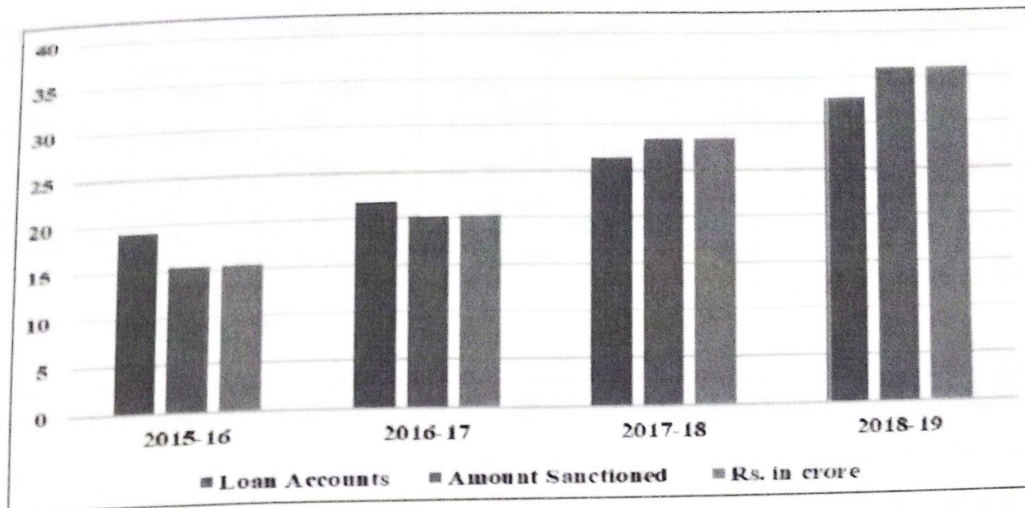


Figure 1.1: MUDRA Loans and Borrowers in India

The distribution of PMMY Loan Accounts in India by scheme is displayed in Table 1.2. These systems are divided into three groups: Tarun, Kishor, and Shishu. Following study, we discovered that the smallest loan account distribution in Tarun is 3513944 (1.9%) and the maximum loan account distribution in Shishu scheme is 163076092 (89.3%). Approximately 9% of loan accounts under the Kishor plan are distributed.

We determined that the highest loan account distribution under the Shishu plan in 2015–16 was 51507438, and the lowest loan account distribution under the same scheme in 2018–19 was 32401046, based on data from the previous four years (2015–19). This indicates a 37.09% decrease.

The Kishor plan has increased loan account distribution by 219.21% over the course of four years, with the maximum loan account distribution being 6606009 in 2018–19 and the minimum loan account distribution being 2069461 in 2015–16. The highest loan account distribution under the Tarun plan is 1756871 in 2018–19, whereas the minimum loan account payout is 410417 in 2015–16. This represents a 328.06 percent increase.

Table 1.2: Scheme-wise Distribution of PMMY Loan Accounts in India

Years	Shishu		Kishor		Tarun		Total	
	No.	per cent	No.	per cent	No.	per cent	No.	per cent
2015-16	32401046	92.9	2069461	5.9	410417	1.2	34880924	100.0
2016-17	36497813	91.9	2663502	6.7	539732	1.4	39701047	100.0
2017-18	42669795	88.7	4653874	9.7	806924	1.7	48130593	100.0

Years	Shishu		Kishor		Tarun		Total	
	No.	per cent	No.	per cent	No.	per cent	No.	per cent
2018-19	51507438	86.0	6606009	11.0	1756871	2.9	59870318	100.0
Total	163076092	89.3	15992846	8.8	3513944	1.9	182582882	100.0

Source: MUDRA, Annual Report.

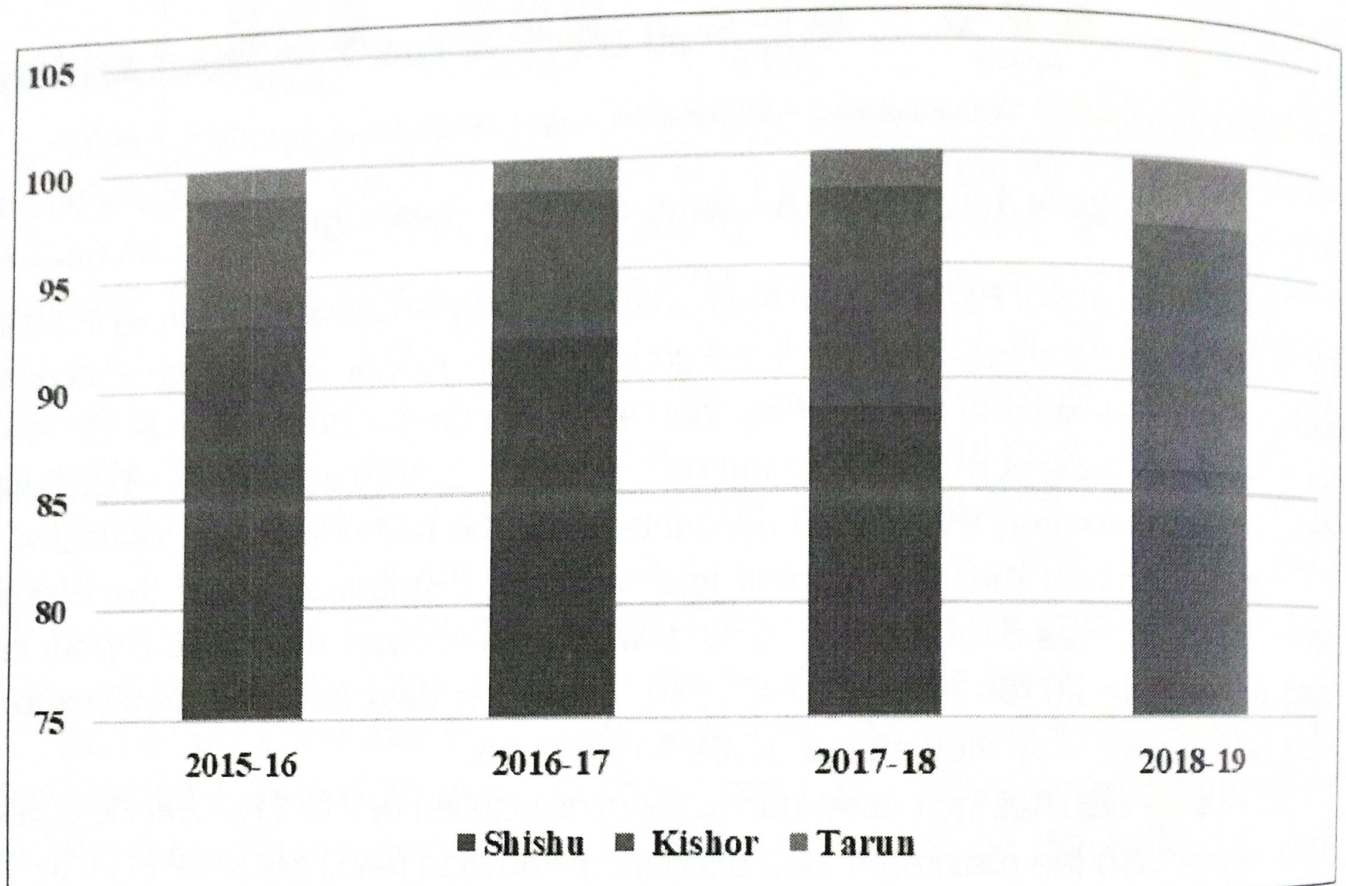


Figure 1.2: Scheme-wise Distribution of PMMY Loan Accounts in India

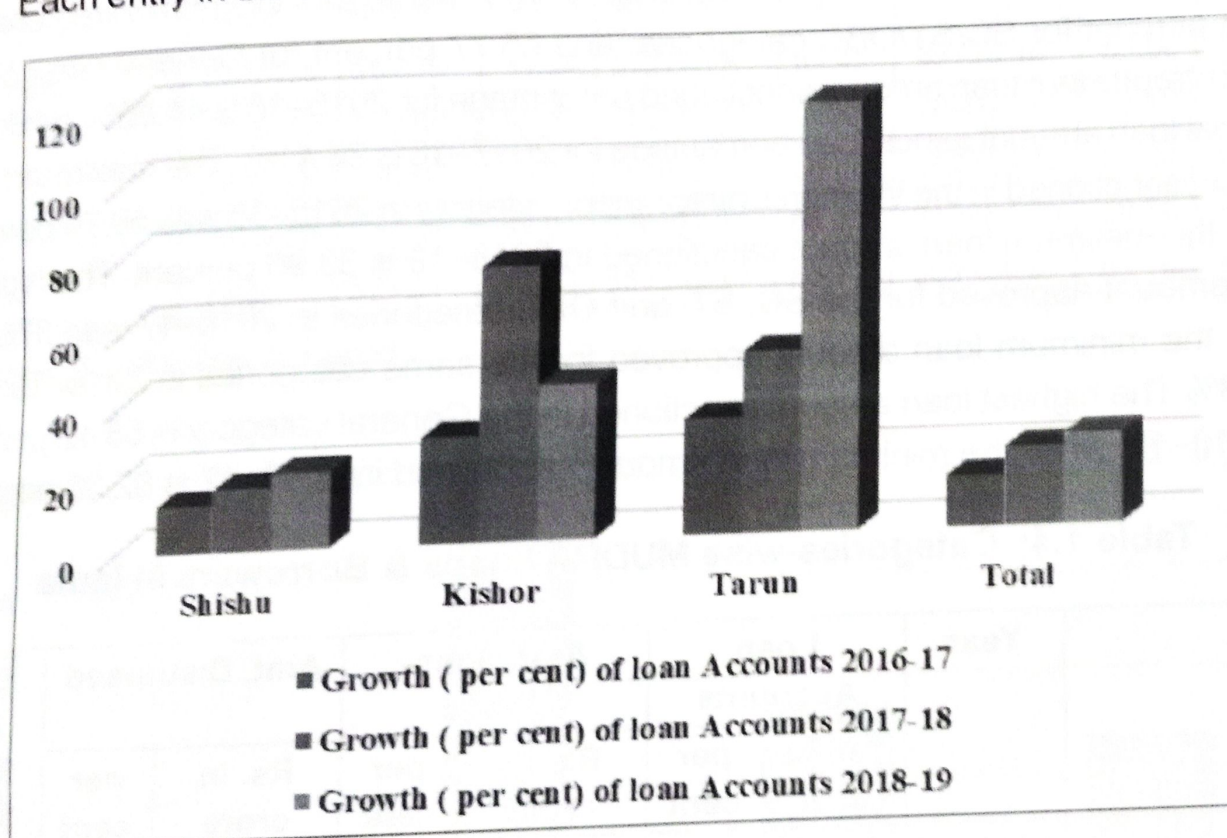
Growth in PMMY Loan Accounts in India is seen in Table 1.3. Following study, we discovered that PMMY Loan Account growth ranges from 13.82 percent in 2016–17 to 24.39 percent in 2018–19. Regarding the allocation of loan accounts scheme-wise under the Shishu scheme, the greatest growth of PMMY accounts is 20.71% in 2018–19, and the smallest growth is 12.64% in 2016–17. The Kishor program allows PMMY Loan accounts to grow at a maximum of 74.73 percent in 2017–18 and a minimum of 28.71 percent in 2016–17. The Tarun program allows PMMY Loan accounts to grow at a maximum rate of 117.72 percent in 2018–19 and a minimum rate of 31.51 percent in 2016–17.

Table 1.3: Growth of PMMY Loan Accounts in India

Particulars	Year	Shishu	Kishor	Tarun	Total
Growth (percent) of loan Accounts	2016-17	12.64	28.71	31.51	13.82
	2017-18	16.91	74.73	49.50	21.23
	2018-19	20.71	41.95	117.72	24.39

Source: MUDRA, Annual Report.

Each entry in the above-mentioned Table is categorisation of MUDRA Loan and

**Figure 1.3: Growth of PMMY Loan Accounts in India**

Indian borrowers are categorized into four groups: women entrepreneurs, SC/ST/OBC entrepreneurs, new entrepreneurs, and general category. A total of 88.60 percent of the approved amount has been distributed to new entrepreneurs, 99.73 percent to women entrepreneurs, 97.17 percent to SC/ST/OBC categories, and 96.90 percent to general category. The proportion of loan accounts established by new business owners is 26.52 percent. Of these, 70.05 percent were opened by women entrepreneurs, 52.17 percent by SC/ST/OBA categories, and 47.83 percent by general category. The Entrepreneur loan account open percentage for 2015–16 is 35.76

percent, while the minimum account open percentage for 2018–19 is 22.37 percent. In the Women Entrepreneur category, the minimum open percentage of accounts is 61.91 percent in 2018–19, and the maximum open percentage is 79.21 percent in 2015–16. The minimum open percentage for SC/ST/OBC loan accounts is 46.99 percent in 2018–19, while the maximum open percentage is 56.68 percent in 2016–17. The General category has a maximum open percentage of 53.01 percent for 2018–19 and a minimum open percentage of 43.32 percent for 2016–17 for loan accounts.

The overall proportion of MUDRA loans that have been sanctioned, broken down by category, is 40.87 percent for New Entrepreneurs, 41.61 percent for Women Entrepreneurs, 34.23 percent for SC/ST/OBC categories, and 65.77 percent for General categories. The Entrepreneur loan amount sanctioned percentage for 2015–16 is 44.85%, while the minimal loan amount sanctioned percentage for 2017–18 is 38.41%. The maximum loan amount sanctioned in the Women Entrepreneur category in 2015–16 was 59.79 percent, while the minimum loan amount sanctioned in 2018–19 is 32.96 percent. The highest loan amount approved for the SC, ST, and OBC categories in 2016–17 was 3764%, while the minimum loan amount approved for the same categories in 2018–19 was 31.58%. The highest loan amount sanctioned in the General category is 68.42 percent in 2018–19, while the minimum loan amount sanctioned in 2016–17 is 62.36 percent.

Table 1.4: Categories-wise MUDRA Loans & Borrowers in India

	Year	Loan Accounts		Amt. Sanc-tioned		Amt. Disbursed		Dis. As % of San.
		No. in lakh	per cent	Rs. in crore	per cent	Rs. in crore	per cent	
New Entrepreneurs	2015-16	124.75	35.76	61649.95	44.85	58908.00	44.31	95.55
	2016-17	99.90	25.16	72960.14	40.41	69973.96	39.91	95.91
	2017-18	125.29	26.03	97448.70	38.41	93656.61	38.00	96.11
	2018-19	133.94	22.37	133033.62	41.35	100925.58	32.37	75.86
	Total	484.18	26.52	365092.41	40.87	323464.15	37.33	88.60
Women Entrepreneurs	2015-16	276.30	79.21	82183.55	59.79	63190.43	47.53	76.89
	2016-17	291.47	73.42	80289.68	44.47	78249.78	44.63	97.46
	2017-18	335.58	69.72	103254.12	40.70	100170.55	40.65	97.01
	2018-19	370.63	61.91	106033.06	32.96	129153.23	41.42	121.80
	Total	1278.98	70.05	371760.41	41.61	370763.99	42.79	99.73

	Year	Loan Accounts		Amt. Sanc- tioned		Amt. Disbursed		Dis. As % of San.
		No. in lakh	per cent	Rs. in crore	per cent	Rs. in crore	per cent	
SC/ST/OBC	2015-16	184.02	52.76	50237.52	36.55	49196.33	37.00	97.93
	2016-17	225.01	56.68	67943.38	37.64	66279.80	37.81	97.55
	2017-18	262.24	54.48	86052.00	33.92	83686.97	33.96	97.25
	2018-19	281.35	46.99	101593.64	31.58	98023.68	31.44	96.49
	Total	952.62	52.17	305826.54	34.23	297186.78	34.30	97.17
General	2015-16	164.79	47.24	87211.75	63.45	83758.40	63.00	96.04
	2016-17	172.00	43.32	112585.16	62.36	109032.33	62.19	96.84
	2017-18	219.07	45.52	167625.11	66.08	162750.42	66.04	97.09
	2018-19	317.35	53.01	220129.15	68.42	213787.70	68.56	97.12
	Total	873.21	47.83	587551.17	65.77	569328.85	65.70	96.90

Source: MUDRA, Annual Report.

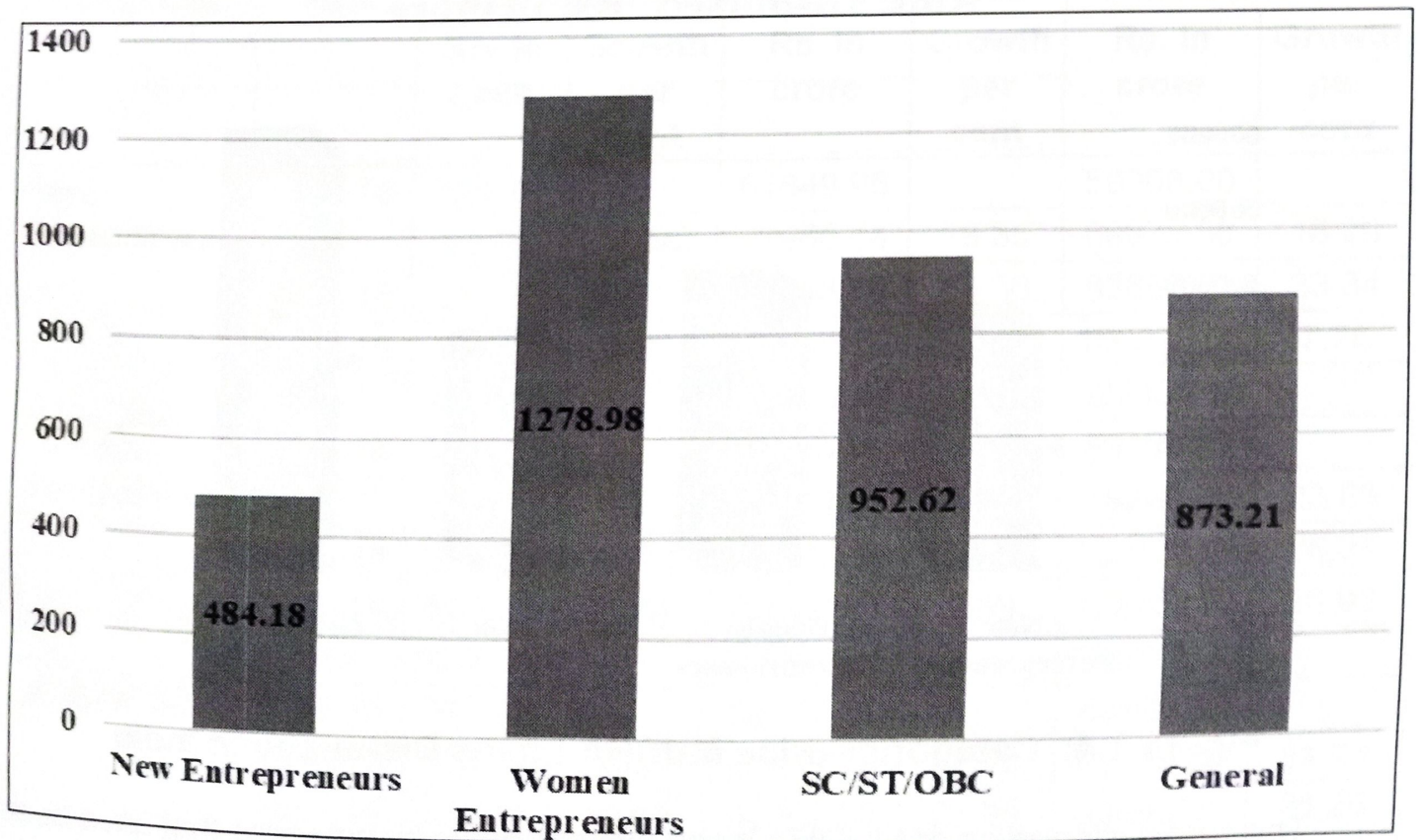


Figure 1.4: Categories-wise MUDRA Loans & Borrowers in India

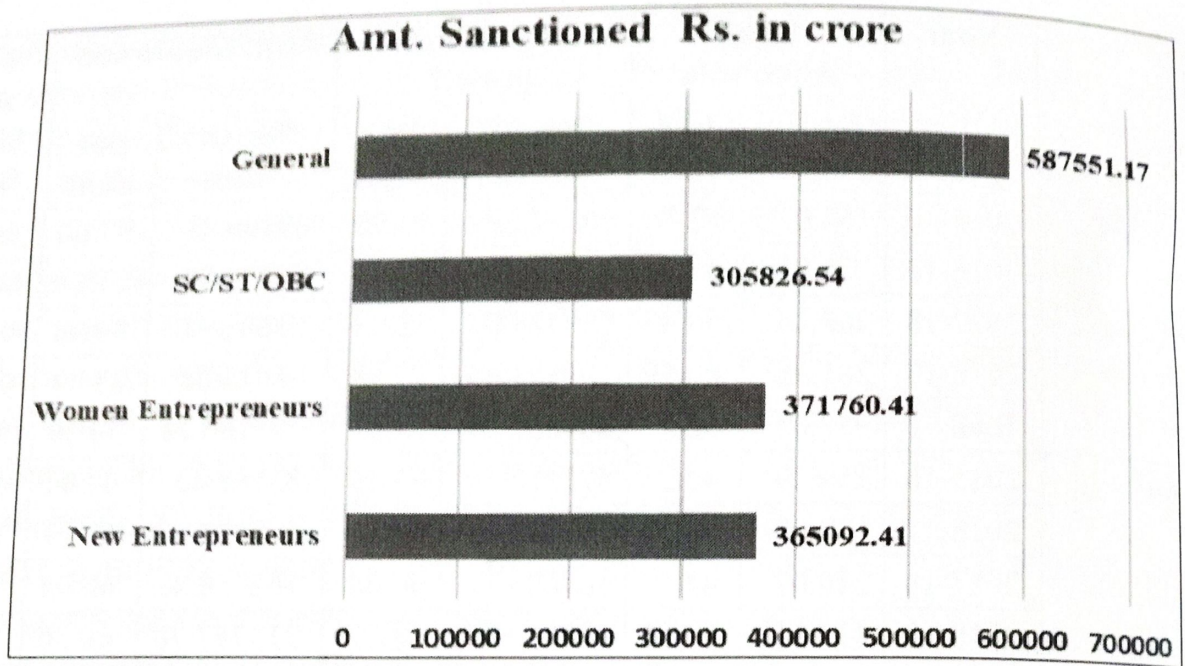


Figure 1.4: Categories-wise MUDRA Loans Sanctioned in India

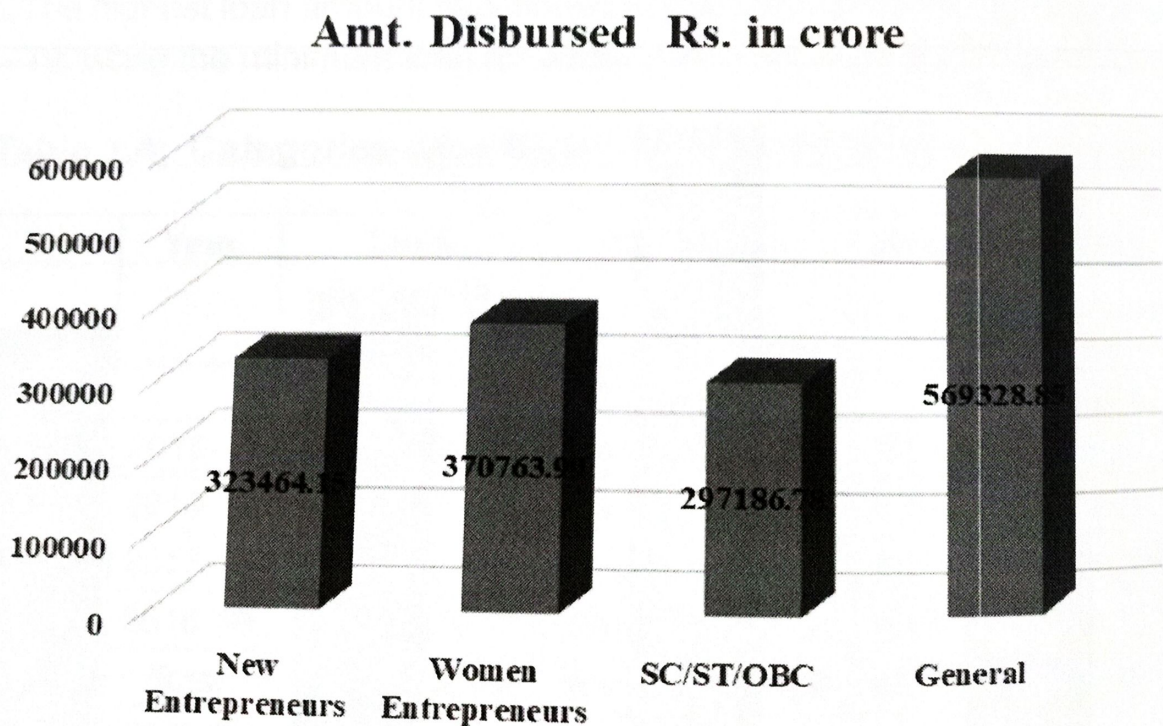


Figure 1.4: Categories-wise MUDRA Loans Disbursed in India

The whole proportion of MUDRA loans, broken down by category, that have been disbursed to new entrepreneurs is 37.33 percent; to women entrepreneurs, it is 42.79 percent; to SC/ST/OBC categories, it is 34.30 percent; and to general entrepreneurs,

it is 65.70 percent. In 2015–16, the Entrepreneur loan disbursement percentage was as high as 44.41 percent, while in 2018–19, it was as low as 32.37 percent. Under the Women Entrepreneur category, the minimum loan amount disbursed % in 2017–18 was 40.65 percent, while the maximum loan amount disbursed percentage in 2018–19 is 47.53 percent.

The highest loan amount disbursed % for the SC, ST, and OBC categories is 37.81 percent in 2016–17, while the lowest loan amount disbursed percentage is 31.44 percent in 2018–19. In the General category, the minimum loan amount disbursed percentage in 2016–17 was 62.19%, while the maximum loan amount disbursed percentage in 2018–19 is 68.56 percent.

Table 1.5 presents the categorization of MUDRA Loans & Borrowers and Growth in India. Following investigation, we found that the data fell into four categories: General Category, Women Entrepreneurs, New Entrepreneurs, and SC/ST/OBC.

Table 1.5: Categories-wise MUDRA Loans & Borrowers and Growth in India

Categories	Year	Loan Accounts		Amt. Disbursed		Amt. Disbursed	
		No. in Lakh	Growth per cent	Rs. in crore	Growth per cent	Rs. in crore	Growth per cent
New Entrepreneurs	2015-16	124.75		61649.95		58908.00	
	2016-17	99.90	-19.92	72960.14	18.35	69973.96	18.79
	2017-18	125.29	25.42	97448.70	33.56	93656.61	33.84
	2018-19	133.94	6.90	133033.62	36.52	100925.58	7.76
	Total	484.18		365092.41		323464.15	
Women Entrepreneurs	2015-16	276.30		82183.55		63190.43	
	2016-17	291.47	5.49	80289.68	-2.30	78249.78	23.83
	2017-18	335.58	15.13	103254.12	28.60	100170.55	28.01
	2018-19	370.63	10.44	106033.06	2.69	129153.23	28.93
	Total	1278.98		371760.41		370763.99	
SC/ST/OBC	2015-16	184.02		50237.52		49196.33	
	2016-17	225.01	22.27	67943.38	35.24	66279.80	34.73
	2017-18	262.24	16.55	86052.00	26.65	83686.97	26.26
	2018-19	281.35	7.29	101593.64	18.06	98023.68	17.13
	Total	952.62		305826.54		297186.78	

Categories	Year	Loan Accounts		Amt. Disbursed		Amt. Disbursed	
		No. in Lakh	Growth per cent	Rs. in crore	Growth per cent	Rs. in crore	Growth per cent
General	2015-16	164.79		87211.75		83758.40	
	2016-17	172.00	4.38	112585.16	29.09	109032.33	
	2017-18	219.07	27.37	167625.11	48.89	162750.42	30.17
	2018-19	317.35	44.86	220129.15	31.32	213787.70	49.27
	Total	873.21		587551.17		569328.85	31.36

Source: MUDRA, Annual Report.

The maximum growth percentage for new entrepreneurs is 25.42 percent in 2017–18, the minimum growth percentage is -19.92 percent in 2016–17, women entrepreneurs make up 15.13 percent in 2017–18, SC/ST/OBC makes up 22.27 percent in 2016–17, and general category makes up 44.86 percent in 2018–19. These figures pertain to MUDRA loan accounts. The largest growth percentage for new businesses in terms of disbursed amount is 36.52 percent for 2018–19, 28.60 percent for women entrepreneurs in 2017–18, 35.24 percent for SC/ST/OBC in 2016–17, and 48.89 percent for the general category in 2017–18.

In terms of growth percentage, the maximum amount awarded to New Entrepreneurs is 33.84 percent in 2017–18; for Women Entrepreneurs, it is 28.93 percent in 2018–19; for SC/ST/OBC, it is 34.73% in 2016–17; and for General Category, it is 49.27 percent in 2017–18.

CONCLUSION

Assessment of Effective allocation of fund under MUDRA Banking

- The distribution of PMMY Loan Accounts in India according to schemes reveals that these programs are divided into three groups: Tarun, Kishor, and Shishu. Following investigation, we discovered that the minimum loan account distribution in Tarun was 163076092, or 89.3%, and the maximum loan account distribution in Shishu scheme was 163076092, or 89.3%.
- Under the Shishu system, the maximum loan account distribution in 2015–16 was 51507438, while the lowest loan account distribution in 2018–19 was 32401046. This indicates a 37.09% decrease.

- The loan disbursed amount grew by 40.57 percent at its maximum in 2017–18 and by 26.53 percent at its minimum in 2018–19.
- The Kishor plan has minimum growth of 20.04 percent in 2018–19 and maximum growth of 62.93 percent in 2017–18 for the loan disbursed amount.
- The highest increase of the loan issued amount under the Tarun plan is 46.23 percent in 2017–18, and the lowest growth is 22.50 percent in 2018–19.
- The overall proportion of MUDRA loans sanctioned for categories other than New Entrepreneurs is 40.87 percent. Women entrepreneurs receive sanctioned amounts of 41.61 percent, SC/ST/OBC categories receive 34.23 percent, and general category recipients receive 65.77 percent of the sanctioned amounts.
- In 2015–16, Entrepreneur approved loans totaling a maximum of 44.85% of the total, while in 2017–18, the minimum amount approved was 38.41%.

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