

PRADHAN MANTRI MUDRA YOJNA: A CRITICAL REVIEW

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ABSTRACT

Financial Inclusion is one of the most treasured strategies in India. Our monetary arrangement has dependably been driven by a basic plan of a practical and comprehensive development. 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. This research paper includes the overview of PMMY, performance analysis of the scheme based on state, caste and category, SWOT analysis of the scheme and some recommendations.

Keywords : *Financial inclusion, Mudra, Micro Credit,*

INTRODUCTION

Finance is one of the most important things to fight poverty and provide opportunities. Financial Inclusion is one of the most treasured strategies in India. Our monetary arrangement has dependably been driven by a basic plan of a practical and comprehensive development. The concept of financial inclusion was first introduced by the Governor of RBI Shri Y.V.Reddy

in 2005. Financial Inclusion means process of ensuring access to appropriate financial services to all the sections of society such as low income groups and weaker section at an affordable rate. Government of India (GOI) has been introduced a number of financial inclusion initiatives such as Pradhan Mantri Mudra Yojana (PMMY), Pradhan Mantri Jeewan Jyoti Beema Yojana (PMJJBY), Pradhan Mantri Jan

DhanYojana (PMJDY), Atal Pension Yojana (APY) and Pradhan Mantri Surakhsha Beema Yojana (PMSBY) etc. for the small business man, weaker section, low income groups and micro enterprises. PMMY was introduced by the Hon'ble Prime Minister Shri Narendra Modi on 8th April, 2015 along with the introduction of MUDRA bank. It is also known as the Mudra loan scheme. This scheme is available from all bank branches across the country.

REVIEW OF LITERATURE

Mol S.TP (2014) has clarified that there are some issues like money related Illiteracy, absence of mindfulness and client securing is high. Reserve Bank of India has started different activities to improved money related consideration. Information and communication technology offers the opportunities enhancement of financial inclusion.

Mehar L (2014) has showed that the financial inclusion in India has increased in the last few years with new innovations like mobile banking, ultra small branches etc,

Roy, Anup Kumar (2016) has displayed that the small businesses are the foundation of economic development. A major number of initiatives have been taken in the past few years in the right direction.

Dr. J. Venkatesh and MS. R. Lavanya Kumari(2017) has showed that besides the schemes that are being introduced for the overall growth and development of the MSME sector, initiatives have been

launched which focus solely on entrepreneurs. The schemes will contribute to the well-being of the individuals engaged in small scale industries which will positively affect the progress of the whole economy.

Verma S. (2015) has explained that the design of MUDRA scheme will not only caters to the financial problems of MSMEs but also give moral support to a lot of young population to become an entrepreneur.

Rudrawar, M. A. A. & Uttarwar, V. R. (2016) has explained that PMMY can bring a desired transformation. If it will be applied properly at the bottom level, it may act as a game changing idea and boost the Indian economy. It should include less documentation and easily accessible. In coming few years, MUDRA will play a crucial role for the development of entrepreneurship, increase in GDP and development of employment.

R. Rupa (2017) has showed that the MUDRA scheme is very much successful in Tamil Nadu. It is found that the MFIs have contributed substantially to increase the number of accounts financed under the PMMY.

THE STUDY

In India the main problem that acts as a hurdle for the development of entrepreneurship is financing. Micro enterprises face many problems so it is very backward in their position. Other major problems faced by micro enterprises, small

business and entrepreneurs includes financial illiteracy, lack of information, lack of financial access, entry level policies, lack of infrastructure, high cost and technologies barriers. In budget speech 2015-2016, According to Finance Minister Shri Arun Jaitley, there are about 5.77 crore small business units and micro units, majorly sole proprietorship which are involved in small manufacturing, trading or service businesses. 62% are of them are held by the Scheduled Cast, Scheduled Tribe and Other Backward Class. For these weaker sections and low income groups, it is difficult to approach financial services and credits easily. The aforesaid review indicates the importance of micro unit sectors and its financial requirement about credit. Government of India (GOI) has introduced some major scheme to fund the unfunded micro enterprises segment known as Pradhan Mantri Mudra Yojana (PMMY). The data used is secondary and are obtained through journals, articles, research papers and reports available at official website of MUDRA scheme.

OBJECTIVES OF THE STUDY

- To get the overview of Pradhan Mantri Mudra Yojana (PMMY)
- To analyse the performance of the scheme and analyse the state wise list based on disbursement.

PRADHAN MANTRI MUDRA YOJANA (PMMY) SALIENT FEATURES

PMMY was announced by the Hon'ble

Prime Minister Shri Narendra Modi on 8th April, 2015 alongside the reporting of MUDRA bank. PMMY is another financial inclusion initiative of Government of India which aims not only on funding the unfunded but also aims to increase the funding gap to micro enterprises. It also helps the existing micro units to enhance their activities. GOI makes guidelines, rules and regulations related to PMMY, for all banks and MFIs. MUDRA is Non-banking finance institution for supporting the micro enterprises segment in the country. It provides support to the banks and all MFIs for micro enterprises having loan necessity up to 10 lakhs.

BENEFICIARIES OF SCHEME

Any Indian Citizen who has a wage producing plan from small scale business exercises in exchanging, assembling and preparing and whose advance prerequisite is under Rs.10 lakh can approach advances under PMMY. Loan rate is regulated by Reserve Bank of India (RBI) time to time. Non corporate Small Business Sector (NCSBS) occupied with benefit division, miniaturized scale fabricating units, natural products and vegetable distributing, support and repairing, handiworks and working nourishment administrations and so on are benefited under the plan.

MUDRA BANK

The Union Budget presented by the Hon'ble Finance Minister Shri Arun Jaitley, for F.Y. 2015-16, proclaimed the arrangement of Micro Units Development

and Refinance Agency or MUDRA Bank. It was enrolled as a Company in March 2015 according to Companies Act, 2013. MUDRA Bank is additionally a Non-Banking Finance Institution or NBFI with the Reserve Bank of India on 07th April 2015 with a target of “funding the unfunded”. MUDRA had propelled by the Hon’ble Prime Minister Shri Narendra Modi on 08th April 2015. MUDRA Bank is collaboration with banks, Micro Financial Institutions and other loaning foundations. MUDRA Bank is a noteworthy monetary incorporation activity in Indian economy. MUDRA has been fundamentally shaped as a completely claimed backup for Small Industries Development bank of India or SIDBI with 100% capital being committed by it. The approved capital of MUDRA is 1000 crores and paid up capital is 750 crore.

MAJOR PRODUCT OFFERINGS

MUDRA Bank has divided borrowers into three categories such as:

Shishu: shelters loans up to Rs 50,000/-

Kishor: shelters loans above Rs 50,000/- to up to Rs 5 lakh

Tarun: shelters loans above Rs 5 lakh to up to Rs 10 lakh

MUDRA: ROLE AND RESPONSIBILITIES

It will be in charge of creating, upgrading and renegotiating every single Micro-undertaking zone by supporting the Micro Finance Institutions which are occupied with the matter of providing loan to smaller

scale/private firms. MUDRA is framed to accomplish the objective of “funding the unfunded”. It deals with the web-based interface for checking the PMMY information. It takes different duties or exercises allowed to it. Notwithstanding of renegotiate, MUDRA will likewise give credit assurance to the qualified advances gave according to the plan of Pradhan Mantri Mudra Yojana.

FINANCIAL INCLUSION AND PMMY

Reserve Bank of India had set up a board under Shri Deepak Mohanty, Executive Director to look the medium term way on money related incorporation. The board of trustees shaped under the direction of Shri Deepak Mohanty examined issue with respect to credit and protection to the monetarily avoided gathering's. Towards accomplishing full money related consideration crosswise over credit and protection Government of India had propelled Pradhan Mantri Mudra Yojana. There is a significant prerequisite for improving the monetary motor is MUDRA. Numerous business people of small scale undertakings have a place with the monetarily weaker area of society so that is the reason they can't get to money related administrations. Subsidizing this unfunded area of the general public is the primary point behind the arrangement of Pradhan Mantri MUDRA Yojana (PMMY). It gives renegotiate and credit certification to the loan specialists who back further in such sort of exercises.

MUDRA awards advance such small scale ventures which occupied with exchanging, assembling and administration division for credit sum up to Rs. 10lakh. Miniaturized scale undertakings build up a noteworthy monetary segment in our country. It gives expansive work after horticulture in India. This financial part incorporates smaller scale units, private venture enroll in assembling, exchanging and other segment. Smaller scale Finance is a monetary advancement device whose goal is to give wage creating chances to the general population who are fiscally rejected. It covers an assortment of monetary administrations which incorporate, notwithstanding the arrangement of credit, numerous other credit in addition to administrations, money related proficiency and other social help administrations. The overdraft allowed of Rs.5000 under Pradhan Mantri Jan DhanYojana (PMJDY) is additionally regarded as a piece of MUDRA advances. Budgetary consideration through PMMY

expands the open doors for credit necessity and renegotiate.

DATA ANALYSIS

PROGRESS MADE UNDER PMMY

Government was set to disburse Rs 122188 crore loans to micro businesses under the MUDRA scheme; it has been accomplished by March 2016. For the money related year 2016-2017 government was set focus of 180000 crore. The accomplishments and advancement of PMMY is seen on a week after week premise through a PMMY gateway. Government focuses to sanction Rs 1.22 lakh crore advances to small scale organizations under the MUDRA by March 2016. It is plan of funding the unfunded. So far in the F.Y. 2015-2016, number of loan sanctioned under PMMY is 34880924 that include the sum authorized 137449.27 crores and sum dispensed 132954.73 crores. Initially the table.1 demonstrates the progress under PMMY.

Table.1 PMMY PROGRESS (Amounts in crores)

	FINANCIAL YEAR 2016- 2017	FINANCIAL YEAR 2015- 2016
No. of PMMY loan sanctioned	29953852	34880924
Amount Sanctioned	121034.61	137449.27
Amount Disbursed	116820.58	132954.73

Source: (<http://www.mudra.org.in/>)

STATEWISE PERFORMANCE

TABLE 2. SHOWING PERFORMANCE OF THE MUDRAScheme STATE WISE

*Amount in crores

	STATES	FINANCIAL YEAR : 2015-2016		FINANCIAL YEAR : 2016-2017		% CHANGE DISBURSEMENT
		NO. OF ACCOUNT	DISBURSEMENT AMOUNT	NO. OF ACCOUNT	DISBURSEMENT AMOUNT	
1	Andaman and Nicobar Islands	24719	212.78	3353	78.34	-0.63
2	Andhra Pradesh	795688	5790.79	587569	5731.8	-0.01
3	Arunachal Pradesh	4625	71.62	6109	78.67	0.10
4	Assam	427272	1728.46	1255754	4824.54	1.79
5	Bihar	2451439	7265.91	3756716	11585.63	0.59
6	Chandigarh	22605	204.52	19039	221.26	0.08
7	Chhattisgarh	639711	2156.14	884941	3209.86	0.49
8	Dadra and Nagar Haveli	1236	21.27	2587	22.61	0.06
9	Daman and Diu	1109	12.02	774	12.08	0.00
10	Delhi	394388	2857.97	224975	3700.51	0.29
11	Goa	45471	376.04	31289	372.78	-0.01
12	Gujarat	1086407	5910.02	1103453	7692.07	0.30
13	Haryana	745535	3152.62	716622	3697.59	0.17
14	Himachal Pradesh	85564	965.7	82851	1214.02	0.26
15	Jammu and Kashmir	57974	1152.15	89712	1663.51	0.44
16	Jharkhand	872868	2845.66	1023593	3908.99	0.37
17	Karnataka	4459609	16469.43	3933578	17290.7	0.05
18	Kerala	830411	4727.38	982260	6140.44	0.30
19	Lakshadweep	740	5.35	473	4.51	-0.16
20	Madhya Pradesh	2511191	7769.29	2683052	10191.91	0.31
21	Maharashtra	3535065	13372.42	3344154	16976.76	0.27
22	Manipur	24021	120.03	21865	142.47	0.19
23	Meghalaya	19151	162.41	23915	185.74	0.14
24	Mizoram	7772	77.78	6973	90.31	0.16
25	Nagaland	5134	76.54	11051	103.83	0.36
26	Odisha	2343261	5436.26	2606769	7600.68	0.40
27	Pondicherry	82866	331.91	130360	485.49	0.46
28	Punjab	653973	3484.49	705569	4512.28	0.29
29	Rajasthan	1159819	5248.28	1204837	8823.3	0.68
30	Sikkim	6889	54.61	19865	96.54	0.77
31	Tamil Nadu	4781567	15496.86	5309857	17756.39	0.15
32	Telangana	400761	3694.34	482694	3780.49	0.02
33	Tripura	68146	337.26	253807	968.55	1.87
34	Uttar Pradesh	3345382	11880.93	3337547	14753.59	0.24
35	Uttarakhand	360007	1745.08	286579	1913.88	0.10
36	West Bengal	2628548	7740.41	4566505	15480.03	1.00
	TOTAL	34880924	132954.73	39701047	175312.13	0.32

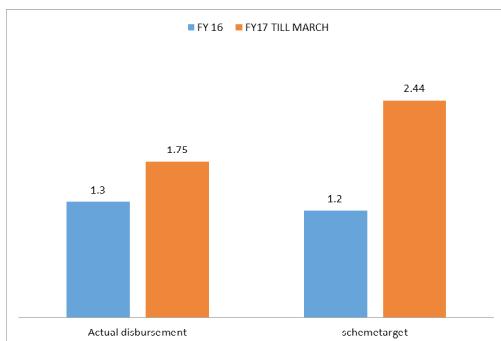
Source: (<http://www.mudra.org.in/>)

From the above, table it is observable that the growth rate in the union territories like Andaman and Nicobar Island and Lakshadweep is negative that is declined by 63% and 16% respectively. Also on

the other hand there is a slow growth of the scheme all around the country except two states Assam and Tripura, which shows a tremendous growth of 179% and 189% respectively. States like Rajasthan

and West Bengal that consist of a large population and still having the growth of 68% and 100% respectively. This shows that the scheme is having a great success in these states and people are aware of the scheme benefits.

Chart 1: Representing Difference In The Actual And Target Set For Disbursement.



The government's micro loan scheme, Pradhan Mantri Mudra Yojana, has

disbursed Rs1.75 trillion worth of loans so far in 2016-17, which shows a 32% growth from the previous year. In fiscal year 2016, the scheme was first implemented and the disbursements had exceeded the target specified by that year's budget. Beyond the success of FY 16, the government had set the target of Rs2.44 trillion for disbursements in 2017. But with just a week left for the year to end, disbursements are just 71.4% of the target. This reason is not enough to label the scheme unsuccessful. To be fair, we can say the government's target was lofty since it was over 80% higher than last year's actual disbursements.

The reason can be the effect of demonetization. Due to which the planning that the department was made was not that much successful as they expected.

CASTE WISE PERFORMANCE

TABLE 3. CASTE WISE PERFORMANCE

*Amount in crores

SR NO	CATE GORY	FINANCIAL YEAR : 2015-2016		FINANCIAL YEAR : 2016-2017		% CHANG E IN DISBUR SEMENT	%SHARE IN DISBURSE MENT IN 2015-16	%SHARE IN DISBURSE MENT IN 2016-17
		NO.OF A/CS	DISBURSE MENT AMOUNT	NO. OF A/CS	DISBURS EMENT AMOUNT			
1	General	16479425	83758.4	17200853	109032	0.30	63.0	62.2
2	SC	6114737	14691.8	7135624	18524.1	0.26	11.1	10.6
3	ST	1678346	4742.03	1792502	5105.55	0.08	3.6	2.9
4	OBC	10608416	29762.5	13572068	42650.2	0.43	22.4	24.3
	Total	34880924	132955	39701047	175312	0.24	100	100

Source: (<http://www.mudra.org.in/>)

The table shows that the general category peoples are utilizing the scheme at full pace also OBC category is utilizing it in a healthy pace. On the other hand SC and ST category are lacking behind on the total

actual amount but in terms of their size they are pretty good. Apart from the share in the disbursement, growth of the OBC category in terms of disbursement is more than that in general category which is a tremendous achievement.

CATEGORY WISE PERFORMANCE

TABLE 4. CATEGORY WISE PERFORMANCE

***Amount in crores**

	Financial Year : 2015-2016		Financial Year : 2016-2017				
CATEGORY	NO.OF A/Cs	DISBURS EMENT AMOUNT	NO.OF A/Cs	DISBURS EMENT AMOUNT	% CHANGE IN DISBURSE MENT	%SHARE IN DISBURSE MENT IN 2015-16	%SHARE IN DISBURSE MENT IN 2016-17
Women Entrepreneurs	27628265	63190.4	29146894	78249.8	23.8	46.0	46.2
New Entrepreneurs	12474668	58908.1	9989470	69974	19	42.9	41.3
Minority	4088210	13560.3	5154551	19474.2	44	9.9	11.5
PMJDY OD Account	2417219	274.02	1423715	312.62	14	0.2	0.2
Mudra card	517456	1391.25	183924	1515.84	9	1.0	0.9
Total	47125818	137324	45898554	169526	23.4	100	100

Source: (<http://www.mudra.org.in/>)

- The data present in the table shows that the scheme is mostly favoured by the entrepreneurs. Infact women entrepreneurs are ahead in the disbursement share. Before this women used to face the difficulty of getting the loan for business as they are seen as less mature and less capable of doing a business. So this distrust over women leads to difficulty in getting the loan for them.
 - There is a share of PMJDY ie. Jan Dhan Yojana in the MUDRA scheme also which is 0.2 percent.
 - The growth in the minority sector is still not remarkable. Though the Percentage share has increased but they need to be focussed more.
 - The scheme having the Interest rates which are nominal
 - It is very easy to apply for loan.
 - It also makes a credit guarantee to the one who has taken the loan. It means that the person will not only go into debts. The government will also have to bear the responsibility of the loan.
 - There are certain agents hired under the committee who will guide on how to organize and process a business so that there are minimum risks of getting a negative result.
- All the small business units and sectors will be placed under the surveillance, and a regular evaluation will be made based on their performance.

SWOT ANALYSIS STRENGTHS

- The scheme can give support and empower the needy people and small business

WEAKNESSES

- **There can be a potential of conflict of interest due to the nature of roles**

and responsibilities of MUDRA Bank.

- There can be the promotion of shadow banking.
- There can be multiple regulators for MFIs.
- There is unawareness about the scheme.

OPPORTUNITIES

- There can be more focus on job creation
- There can be an extension of the Scheme to personal sector other than farms and factories.
- There can be more collaboration with the MFIs.
- There can be more encouragement for women entrepreneurs and can be attached to the scheme.

THREATS

- There is a better solution to finance micro and small businesses.
- There are number of already existing refinancing agencies.
- There can be confusion due variable interest rates.

RECOMMENDATIONS

- Scheme can be extended to personal sector other than farms and factories. They can start a loan funding of less than Rs 50,000 so that the gap of 0-50k can be fulfilled.
- There should be more concentration on the minority sector.

- MUDRA card can be used more intensively in the future.
- Women entrepreneurs should be more encouraged to wipe out the difficulties faced by them.

CONCLUSION

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 micro finance. The scheme will help the weaker section, low income group and unfunded population and also will increase the competition. Financial inclusion through PMMY increases the opportunities for credit requirement and refinance.

The introduction of the national plan PMMY with other type of financial inclusion initiative, yield a valuable result. The PMMY conspire is certain to take our country forward to the future. MFIs contributed significantly for the financing women under PMMY.

It perceives that because of dispatch of this plan, monetary consideration has expanded towards positive heading. So it can be say that if it is implemented properly, it may work as a game changing financial inclusion initiative of Government of India and may boost the Indian economy.

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