

Financial Inclusion through Pradhan Mantri Mudra Yojana (PMMY): An Analytical Study

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Abstract: *In the present world, the increasing population in India is an opportunity instead of a disaster. The abundance of human resources in India can also be seen as an opportunity for entrepreneurship development. The Pradhan Mantri Mudra Yojana is an innovation in making institutional finance available to millions of people engaged in small scale business in India. The Pradhan Mantri Mudra Yojana was launched by the Central government in April, 2015 with a mission of funding the unfunded. It is associated with small loans to micro enterprises engaged in income generating processes. The research design of this paper is descriptive research design. This study is a conceptual study. It is based on secondary data sources. The main objective of PMMY is financial inclusion. The Micro Units Development and Refinance Agency Limited (MUDRA) was established as a financial institution on 8th April, 2015 by central government for helping financial institutions, Micro finance institutions, Non-banking financial institutions, banks, which are in the credit business. MUDRA provides refinance and credit guarantee to financial institutions for providing financial support. This research paper provides the overview of PMMY performance and some recommendations*

Keywords: Mudra, Micro Enterprise, Credit, Financial Services, Refinance, Empowerment

I. INTRODUCTION

The Pradhan Mantri Mudra Yojana was launched by the Central government on 8th April, 2015 with a mission of funding the unfunded. It is associated with small loans to micro enterprises engaged in income generating processes. (1) The main objective of PMMY is financial inclusion. In India, The Micro Units Development and Refinance Agency Limited (MUDRA), a subsidiary of Small Industries Development Bank of India (SIDBI), is responsible for implementing PMMY, refinancing, providing credit guarantee and evaluating the progress of this scheme works.(2) Pradhan Mantri Mudra Yojana is a programme for providing loan to micro entrepreneurs, whose needs are upto ₹10 lakhs, through various banks and mutual fund institutions. A number of financial inclusion schemes has been introduced by Government of India like Pradhan Mantri Mudra Yojna, (PMMY), Pradhan Mantri Jeewan Jyoti Beema Yojna (PMJJBY) Pradhan Mantri Jan Dhan Yojna (PMJDY), Atal Pension Yojna (APY) and Pradhan Mantri Suraksha Beema Yojana (PMSBY) etc. for all the sections of society such as small businessman, lower income groups and weaker sections.(3) Through Mudra Yojana, financial assistance is provided to entrepreneurs running micro businesses. MUDRA Yojana is dedicated for developing the micro enterprise into a viable economic sector through financial and non-financial interventions.

"Supporting the small entrepreneurs of India is the biggest way to help Indian economy grow and prosper." Mr. Narendra Modi, Hon'ble Prime Minister of India.

MUDRA MITRA

MUDRA MITRA is a mobile phone application. It is available in Google Play Store and Apple App store. It provides information regarding Micro Units Development and Refinance Agency Limited (MUDRA) and various related schemes. It guides to a loan seeker for availing MUDRA Loan Under Pradhan Mantri Mudra Yojna (PMMY)(4)

MUDRA CARD

MUDRA card is a credit product in which a borrower can avail of credit facility. It gives a facility of working capital requirement in the form of an overdraft facility. MUDRA card is a Rupay debit card. It is used for drawing cash from ATM or Business correspondent. It is also used for making purchase using Point of Sale (POS) Machine. During 2015-16, 5.17 lakh MUDRA Cards were issued as an innovative credit product for an amount of ₹ 1476.96 crore.(5)

II. REVIEW OF LITTERATURE

Shanigaram Gangadhar and V. Balreddy, (2012), in their study presented an evaluation on the Pradhan Mantri Mudra Yojana Scheme. They presented Mudra Yojna, MUDRA Scheme, MUDRA vision, mission, principal objectives of MUDRA Yojana.

Shrigiriwar Nitin and Sakhare. A, Chaitanya.(2019). They focused on a critical review on Pradhan Manti Mudra Yojana. They discussed progress of PMMY with key objectives.

Gangadhar, M. (2022) presented an overview of Pradhan Mantri Mudra Yojana. He presented the performance of Pradhan Mantri Mudra Yojna in India. He presented the performance of PMMY in top 10 states.

Agarwal Manish and Dwivedi Ritesh, (2017), presented a critical review of Pradhan Mantri Mudra Yojana. They presented the overview of PMMY, performance analysis of the scheme based on state, caste and category, SWOT analysis.

R. Rupa (2017) has focused on performance of Pradhan Mantri Mudra Yojana in Tamilnadu. She presented an overview of PMMY with a view of enterpreneurial development.

2.1 OBJECTIVES OF THE STUDY

The objectives of this conceptual study are below mentioned:

1. To study the Pradhan Mantri Mudra Yojana in India with its key features.
2. To examine the role of Pradhan Mantri Mudra Yojana in financial inclusion for improving Indian Economy.
3. To evaluate the success of Pradhan Mantri Mudra Yojana after Implementation.
4. To get the overview of Pradhan Mantri Mudra Yojana.

III. RESEARCH METHODOLOGY

The research design of this paper is descriptive research design. This study is a conceptual study. It is based on secondary data sources. Various secondary data has been taken from official websites of central government. Various data has been collected through research articles, annual reports and Journals. The present study orients and provide key features of Pradhan Mantri Mudra Yojana and the success of PMMY after implementation. This study provides role of PMMY for strengthening Indian economy in financial Inclusion.

MUDRA

Micro Units Development and Refinance agency Limited is a financial institution announced by the Central Government in the Union Budget for FY 2016 for the development and refinance of micro industrial units. MUDRA provides financial assistance to the non-corporate small business sector through banks, NBFCs and MFIs. In the Indian environment, the biggest problem for the growth of entrepreneurship in the non-corporate small business sector has been the lack of financial support. MUDRA has been established by the Central Government to meet the needs of this informal sector.(6)

ROLE OF MUDRA

MUDRA loan provides refinance to non-banking financial institutions, micro finance institutions, societies, small finance banks engaged in the business of lending. Additionally, MUDRA partners with state/regional level financial intermediaries for refinance in the area of financial assistance to small/micro entrepreneurs. Under Pradhan Mantri Mudra Yojana (PMMY), three schemes have been made to meet the financial needs of micro units/entrepreneurs.(7)

A. Shishu:

Covering loans upto 50000/-

B. Kishore:

Covering loans above 50000/- and upto 5 lakh

C. Tarun:

Covering loans above 5 Lakh to 10 lakh

Along with this, loan facility is provided.(8)

IV. TARGET CLIENTS

Non-Corporate Small Business Segment (NCSB) under MUDRA includes proprietorship, partnership firms which are small manufacturing units, service sector units, shopkeepers, vegetable and fruit vendors, truck operators, repair shops, small industries, Those who work as food processors in rural and urban areas can get assistance under this.(9) All kind of manufacturing, trading and service sector activities are entitled to get MUDRA Loan. MUDRA Loans are categorised into three segments (a) Shishu (b) Kishor (c) Tarun . It depends on the nature of business and project. Traders and shopkeepers can avail financial assistance from any bank/microfinance institution/NBFCs. The borrower can approach the branch and apply for the Mudra loan. Arrangements for giving loans and repayment of loans are made based on the guidelines of the Reserve Bank of India. (10) Loan related proposals are usually decided in 7 to 10 days. Lending institutions approve loans based on the loan approval criteria. Collateral security is not required for loan approval. In case the MUDRA loan application is refused without any concrete reason, a complaint can be submitted to the Regional Manager / Zonal Manager of the concerned bank. MUDRA Loan is a facility of working Capital arrangement in the form of cc/overdraft to the borrower. There is no provision of subsidy for MUDRA loan under Pradhanmantri Mudra Yojna. But if loan proposal is linked with any government scheme, it is eligible under PMMY.

PMMY PROGRESS MONITORING

The monitoring of implementation of PMMY is done through SLBC forum at the state level. Monitoring of PMMY at National level by MUDRA / Department of Financial Services, Government of India. For this purpose, MUDRA provides a portal, wherein financial lending institutions directly feed their progress.(11)

PMMY ACHIEVEMENTS

PRADHAN MANTRI MUDRA YOJANA (PMMY)

ACHIEVEMENTS

Amounts in Crores

Financial Year	No. of PMMY Loans Sanctioned	Amount Sanctioned	Amount Disbursed
2015-16	34880924	137449.27	132954.73
2016-17	39701047	180528.54	175312.13
2017-18	48130593	253677.10	246437.40
2018-19	59870318	321722.79	311811.38
2019-20	62247606	337495.53	329715.03
2020-21	50735046	321759.25	311754.47
2021-22	53795526	339110.35	331402.20
2022-23	62310598	456537.98	450423.66

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

Interpretation:

In Table 1, Loans sanctioned, Amount sanctioned and Amount disbursed from the inception of Pradhan Mantri Mudra Yojana till the year 2022-23 have been displayed. In the year 2015-16, 34880924 loans were sanctioned, under which loans worth Rs 137449.27 crore were sanctioned and loans of Rs 1329954.73 crore were disbursed. In the year 2017-18, the number of sanctioned loans increased to 48130593 and loans worth ₹ 246437.40 crore were disbursed. In the year 2019-20, the number of sanctioned loans was 62247606 under which sanctioned amount was ₹ 337495.53 crore. In

the year 2020-21, the number of sanctioned loans decreased to 50735046. Apart from this, as compared to the Sanctioned Amount of 321759.25 crore, only 311754.47 crore loan was disbursed.(12) The number of sanctioned loans has increased to 62310598 in the financial year 2022-23. In this sequence, loans worth Rs 450423.66 crore were distributed as compared to Amount Sanctioned 456537.98, which can be considered a good performance.

V. CONCLUSION

On the basis of research study, it can be said that PMMY launched by the Government of India in the field of micro-finance is a worthwhile effort. This research study shows that this has strengthened the general public (target group) in terms of financial inclusion. PMMY scheme needs to focus more on minority sector.(13) Apart from this, it can be made more attractive and accessible from the point of view of women entrepreneurs. Apart from this, there is a need to run awareness campaign about PMMY scheme. Operating different interest rates under PMMY scheme creates confusion. Pradhanmantri Mudra Yojana is a unique flagship scheme which helps in financial inclusion.(14) The study presents an overview with key features of Pradhan Mantri Mudra Yojana. This study also concludes that PMMY scheme has sound strength with practical exposure which is important in the direction of financial betterment. The success of this scheme is based on target approaching and practical adaptability.

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