

An Analytical Study of Agency Wise Performance of Pradhan Mantri MUDRA Yojana



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Abstract

Pradhan mantri MUDRA yojana (PMMY) was launched by honorable Prime Minister Mr Narendra Modi on 8th April, 2015 with an objective to overcome the credit need of small and medium entrepreneurs. The agencies providing loan under scheme are banking and non-banking financial institutions viz. public sector banks, private sector banks, NBFCs, RRBs, SFBs and MFIs. The paper aims to critically analyze the performance of these institutes in the past two years and to measure the contribution of each institution in funding the unfunded. The study is based on analysis PMMY annual report and secondary available. A remarkable growth is witnessed in loan sanctioned by financial institutes like Private Sector Banks, MFIs, SFBs and NBFCs.

Keywords: MUDRA, NBFCs, RRBs, SFBs, MFIs.

Introduction

Financial backup is the basic need of every business. In India most of the small and medium entrepreneurs face the problem of fund generation and many of such entrepreneurs shut down their business due to lack of finance. This problem is faced by small and medium business mainly because most of the lenders deny to lend small amount loans. To overcome this problem, many policies were formulated time to time, some of which were succeeded while others got failed due to their framework and implementation problems. PRADHAN MANTRI MUDRA YOJANA (PMMY) is also one of such policy which recently came into existence to overcome the credit problem of small and medium businesses.

PRADHAN MANTRI MUDRA (Micro Unit Development and Refinance Agency) YOJANA (PMMY) was launched by honorable Prime Minister, Mr. Narendra Modi, on 8th April, 2015, for the fulfillment of credit needs of small and medium entrepreneurs. The main objective of yojana is "fund the unfunded."

The PM Mudra Yojana (PMMY) is a positive effort to fulfill the credit needs of the micro businesses and self-employed individuals, the majority of whom are in the informal sector and thereby address the biggest obstacle to their socio-economic growth. As the Honorable Prime Minister of India, Shri Narendra Modi observed at the launch of the MUDRA Yojana in 2015, "...people tend to think that it is the big industries and corporate houses that provide greater employment. The truth is, only 12.5 million people are employed by big corporate houses, against 120 million by the MSME sector. We need to understand the energy of the individuals at the bottommost level and provide them with means for upliftment."

Vision of MUDRA

"To be an integrated financial and support services provider par excellence benchmarked with global best practices and standards for the bottom of the pyramid universe for their comprehensive economic and social development."

Mission of MUDRA

"To create an inclusive, sustainable and value based entrepreneurial culture, in collaboration with our partner institutions in achieving economic success and financial security."

These loans are classified as MUDRA loans under PMMY. These loans are given by Commercial Banks, RRBs, Small Finance Banks, Cooperative Banks, MFIs and NBFCs. The borrower can approach any of the lending institutions mentioned above or can apply online through the

portal. Under the aegis of PMMY, MUDRA has created three products namely 'Shishu', 'Kishore' and 'Tarun' to signify the stage of growth / development and funding needs of the beneficiary micro unit entrepreneur and also provide a reference point for the next phase of graduation / growth.

Types of MUDRA Schemes

Borrowers are divided into three categories under MUDRA based on the stage of growth and funding needs of an entrepreneur. The initial products of MUDRA are as follows:

Shishu

Business units that are just started are covered under this category. Business units under this category can get a loan up to Rs. 50,000.

Kishore

Business units that are set and in medium stage can get Rs. 50,000 to Rs. 5 lakh of loan cover from MUDRA.

Tarun

Good established business units that need more funds to raise business cover under this category and get loan cover up to Rs. 10 lakh.

Types of Loans	Amount
SISHU	Up-to 50,000
KISHOR	50,001-5,00,000
TARUN	5,00,001-10,00,000

Objective

1. To study the agency wise performance of MUDRA yojana in past two years
2. To analyze the growth in loan sanctioned by various banking and non banking institutes.

Methodology

The paper is based on secondary data and is conceptual in nature. The data and information for the study is gathered from secondary sources like books, papers and websites including MUDRA yojana website. Graphs, charts and percentage calculation are used for analyzing the data through ms-excel.

Review of Literature

Shahid, Md. & Irshad, Md (2016), focus on the MSME's contribution and problem faced by MSMEs in raising funds. The study concluded that the MUDRA yojana is playing a crucial role in development of MSMEs by providing loan on the easy way and at less cost of interest.

Rudrawar, M. A. A., & Uttarwar, V. R. (2016) has concluded that the desired transformation can be achieved from PMMY scheme. If applied properly at the bottom level, it may act as a game-changing idea and may increase, boost and prosper the Indian economy.

Roy, Anup Kumar (2016) in his study displayed that the small businesses form the foundation of the economic strata needs to be enhanced and supported. A major number of initiatives have been taken in the past few years are a step in the right direction.

Mr. Rajeev and Mr. Dharendra (2017) described the impact of mudra loan scheme on micro and small printing units run by individual or partnership firms whose fund source is limited. The study concluded that the loan availment is comparatively easy and utilization of loan is varied in varying firms.

Godh, Anurodh, and Nama, Deepti, (2017) discussed the salient features of PMMY, about beneficiaries and scheme and major products offered in the scheme. The study concluded that PMMY supports the weaker section of the society and fund the unfunded ones. It shows the implementation of the scheme is proper and financial inclusion has increased toward positive direction.

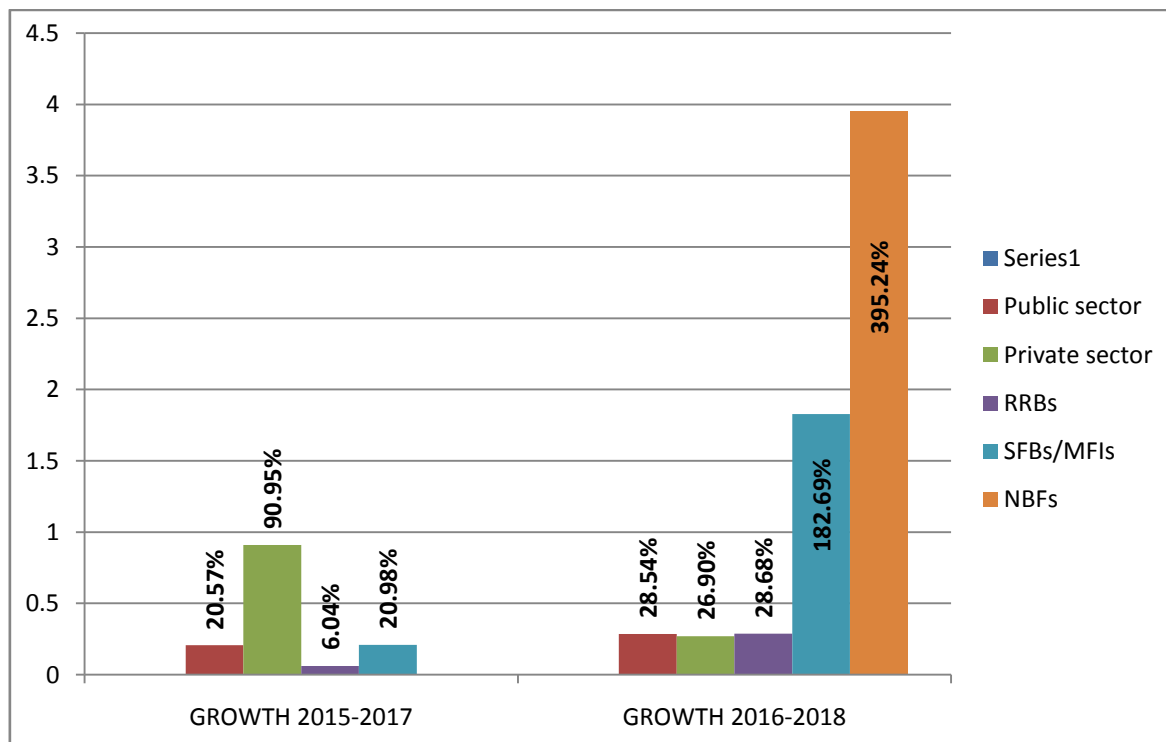
Kumar (2017) throws a light on the performance of the small-scale sector. This sector contributes the traffic jam to the growth of the country. But it has very little financial support. This paper focused on to know about MUDRA Yojana, its objective and its performance in developing the small sector business units.

Status of MUDRA Scheme: Agency Wise Performance

Rs. In crore

Agency	Sanction for 2015-16	Target for 2016-17	Sanction for 2016-17	Growth 2015-2017	Target for 2017-18	Sanction for 2017-18	Growth 2016-2018
Public sector	59674.28	77700	71953.67	20.57%	94495	92492.68	28.54%
Private sector	20445.74	21000	39042.6	90.95%	47150	49545	26.90%
RRBs	11324.47	15000	12009.52	6.04%	18255	15454.51	28.68%
SFBs/MFIs	46004.78	66300	55657.01	20.98%	17250	19022.89	182.69%
NBFs	-	-	1865.74	-	9050	27018	395.24%
Total	137449.27	180000	180528.54	31.34%	186200	203533.08	12.74%

Sources- <https://www.mudra.org.in/PMMYReport>



Conclusion

The detailed analyses of data collected shows that there is continues growth in past two years on account of the loan sanctioned under MUDRA yojana. The highest growth is seen in SFBs/MFIs and NBFCs i.e., 182.69% and 395.24% respectively. However, there is a downfall observed in the performance of Private Sector Banks in the year 2016-18 in comparison to 2015-17. The target set for each financial year is achieved only by the Private Sector Banks, MFIs/SFBs and NBFCs while the Public Sector Banks and RRBs were at mixed success to achieve the target.

NBFCs are performing very good and a significant growth is seen in the year 2017-18 while sanctioning the loan followed by SFBs and MFIs

The bank should have their focus in creating awareness about the benefits of the yojana and target more for the growth of MSMEs as this sector plays an important role not only in contributing to GDP but also in providing the employment to a large number of people.

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