

Volume 7, Issue 8, August 2019

International Journal of Advance Research in Computer Science and Management Studies

Research Article / Survey Paper / Case Study

Available online at: www.ijarcsms.com

A Study on Pradhan Manthri Mudra Yojana -Mudra Scheme

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Abstract: MSME being a fast growing sector of the country faces many problems in areas of finance, infrastructure, technology, marketing and policy matters. Of all these the main problem of Micro and small enterprises is availability of finance. A major part of these enterprises are unorganized and unregistered and do not maintain proper books of accounts nor have collateral security. So the commercial banks find it difficult to provide financial assistance to this sector. In order to provide financial assistance and support to the MSME sector Government of India has launched the MUDRA Scheme. The study aims to bring out the performance of Pradhan Manthri Mudra Yojana -MUDRA Scheme in the last four financial years.

Keywords: MSME; PMMY; MUDRA; small and micro enterprises; Shishu; Kishor; Tarun.

I. INTRODUCTION

The MSME sector contributes to 8% of India's GDP, 40% of the country's exports and generates employment to about 120 million people. MSME being a fast growing sector of the country faces many problems in areas of finance, infrastructure, technology, marketing and policy matters. Of all these the main problem of Micro and small enterprises is availability of finance. A major part of these enterprises are unorganized and unregistered and do not maintain proper books of accounts nor have collateral security. So the commercial banks find it difficult to provide financial assistance to this sector. In order to provide financial assistance and support to the MSME sector Government of India has launched the Pradhan Manthri Mudra Yojana -MUDRA Scheme (PMMY-MUDRA).

II. OBJECTIVES OF THE STUDY

1. To understand about Pradhan Manthri Mudra Yojana – MUDRA scheme.
2. To know about the products offered under MUDRA scheme.
3. To analyse the performance of the products offered under Refinance scheme.

III. RESEARCH METHODOLOGY

The study is based on secondary data collected from articles, journals, reports from websites of MSME, MUDRA. The data period ranges from FY 2015-16 to FY 2018-19.

IV. PRADHAN MANTRI MUDRA YOJANA/MUDRA SCHEME

MUDRA- Micro Units Development and Refinance Agency was launched on 8th April 2018 under the Pradhan Manthri Mudra Yojana (PMMY) as a wholly owned subsidiary of SIDBI- Small Industries Development Bank of India. The formation of MUDRA bank was announced in the union budget for the FY 2015-16. It was registered as a company under Companies Act

2013 in March 2015 and under RBI as a Non Banking Finance Corporation in April 2015. MUDRA was formed with the objective of developing and uplifting the small and micro enterprises through refinance. MUDRA supports commercial banks, Regional rural banks, Co-operative banks, Micro Finance institutions (MFIs) and Non Banking Finance corporations which lend to small and micro units by providing refinance support.

MUDRA aims to bank the unbanked, supporting the micro and small enterprises for whom raising finance is a major problem. These non corporate, unregistered and unorganized enterprises are often neglected by commercial banks. To achieve the goal of funding the unfunded MUDRA scheme was launched by Government of India under PMMY- Pradhan Manthri Mudra Yojana. It provides refinance up to Rs.10 Lakhs covering small manufacturing units, self help groups, shop keepers, transporters and truck operators, salons and beauty parlours, machine operators, artisans, food processing units, and service providers. The following table 1 shows the performance of MUDRA scheme for the FYs 2015-16 to 2018-19,

Table 1

Year	No of PMMY loans	Amount sanctioned (in Crores)	Amount disbursed (in Crores)
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

Source: PMMY report

PRODUCTS UNDER MUDRA SCHEME

MUDRA bank provides refinancing and credit support to institutions that promote small and micro enterprises. The products offered by MUDRA bank are

- Micro credit scheme (MCS)
- Refinance for micro units
- Mahila Uddyami scheme for women entrepreneurs and
- Equipment Finance scheme

Refinance for micro units is given to commercial banks, regional rural banks, co-operative banks, micro finance institutions and non banking finance corporations. There are three types of loans offered under Refinance scheme. The loan is given on the basis of the stages of growth of enterprise. They are,

Type of loan	Stage of enterprise	Amount of loan	Rate of Interest
Shishu	Starting stage	Upto Rs. 50,000	12%
Kishor	Mid stage	Rs. 50,000 to Rs. 5 Lakhs	14 to 17%
Tarun	Growth and development stage	Rs. 5 Lakhs to Rs.10 Lakhs	16%

The following tables depict the progress and performance of each scheme for the FYs 2015-16 to 2018-19.

Table 2

Year	Shishu loans (in Crores)		
	No of loans Accounts	Sanctioned	Disbursed
2015-16	32401046	62894.96	62027.69
2016-17	36497813	85100.74	83891.88
2017-18	42669795	106001.6	104228.05
2018-19	51507438	142345.25	139651.55

Source: PMMY report

Table 3

Year	Kishor loans (in Crores)		
	No of loans Accounts	Sanctioned	Disbursed
2015-16	2069461	43052.55	41073.28
2016-17	2663502	53545.14	51063.12
2017-18	4653874	86732.16	83197.09
2018-19	6606009	104386.68	99868

Source: PMMY report

Table 4

Year	Tarun loans (in Crores)		
	No of loans Accounts	Sanctioned	Disbursed
2015-16	410417	31501.76	29853.76
2016-17	539732	41882.66	40357.13
2017-18	806924	60943.34	59012.25
2018-19	1756871	74990.86	72291.84

Source: PMMY report

From the table 2, 3, 4 it is evident that there is a steady growth in the number loans sanctioned under each scheme. Of all the three categories, 60% of loans are given under Shishu category and the remaining represents Kishor and Tarun loans.

PERFORMANCE OF MUDRA SCHEME IN TAMILNADU

Tamilnadu is the top beneficiary of MUDRA scheme receiving a total of 1,89,45,297 loans sanctioned under PMMY-MUDRA scheme, followed by Karnataka and Maharashtra. Table 5 shows the top five states benefited under MUDRA scheme during the FY 2018-19.

Table 5

States	No of PMMY Loan sanctions	Amount (in crores)
Tamilnadu	18945297	71517
Karnataka	15453050	68322
Maharashtra	12610971	64058
Uttar Pradesh	12884791	58710
West Bengal	14205852	51439

Source: PMMY report

The product wise performance under MUDRA scheme in Tamilnadu is shown in tables below

Table 6

Year	Shishu loans in Tamil Nadu (in Crores)		
	No of loans Accounts	Sanctioned	Disbursed
2015-16	4506237	8252.46	8231.68
2016-17	5000285	10931.84	10897.54
2017-18	5366167	13266.17	13237.23
2018-19	6528577	18658.28	18597.62

Source: PMMY report

Table 7

Year	Kishor loans in Tamil Nadu (in Crores)		
	No of loans Accounts	Sanctioned	Disbursed
2015-16	234824	4398.88	4282.07
2016-17	275564	4430.15	4258.53
2017-18	431666	7407.89	7176.10
2018-19	601720	8943.04	8710.56

Source: PMMY report

Table 8

Year	Tarun loans in Tamil Nadu (in Crores)		
	No of loans Accounts	Sanctioned	Disbursed
2015-16	40506	3194.80	2983.11
2016-17	34008	2690.68	2600.32
2017-18	62332	4657.62	4567.59
2018-19	310365	6658.73	6499.70

Source: PMMY report

It can be inferred from tables 6,7,8 that there is a steady growth in the number of loans sanctioned under each category from the FYs 2015-16 to 2018-19 in the state of Tamilnadu.

V. CONCLUSION

MUDRA scheme brings new ray of hope for both existing and aspiring micro enterprises and women entrepreneurs. Supporting and promoting the small and micro enterprises would be a great contribution in boosting the country's economy, as the role of these enterprises is huge in employment generation, exports and GDP. If the procedural difficulties are removed then MUDRA scheme would definitely be a game changer in the MSME sector.

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