

Renovation of Indian Economy through MUDRA Scheme-A Descriptive Analysis

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Abstract: For start-ups financial services by financial institution are many, even micro finance institutions are creting access of credit to the business enterprises, start-ups, and rural poor people. Still our country having lack of financial resources as the businesses are not sufficient with the available resources. Micro units' development and refinance agency was added to the list in the year 2015 with intent to deal in various financial products and services. Primarily it creates access of loans to the development of small enterprises. Government in all the three tires have been taken initiatives in order to develop the MSMEs in the country, as it provides not only employment opportunities but contributes to export revenue and growth in GDP as well. In India many of the states like Gujrath, Madhya Pradesh Tamil Naduhas developed because of SMMEs, however out of many schemes introduced by the central government for the development of SMMSEs PMMY is one of the scheme which is reached to the nook and corner of the country with its efficiency. Therefore present paper is an attempt to analyse financial assistance provided by the central government though this Yojana further comparative study has been done for two states by using published data of 5 years about disbursement of loans and sanctioned. During the Pandamic situation like COVID-19 also the small start ups have done their business successfully the reason for this may be timely availability of money through this scheme.

Keywords: MUDRA, MSMEs, Karnataka

I. INTRODUCTION

Small business plays an important role in contributing to the nation's development in the countries like India where having large population is considered as an asset. MSMEs are very essential part of countries business in creating large employment opportunities in addition with the increase in export income. With this sake the development of SMEs and encouragement of start-ups is very essential element which is not sufficient in today's growing economy. The economy is offering the plenty of financial services through banks and other financial institutions but these available services are not enough for the businesses, and even to get access to these financial services is difficult because of many business are unorganized and they not even maintain the records and reports in this case many businesses will get access to the credit by money lenders with high interest, if the businesses will pay high interest to the credit for them making profit and sustaining in the market is so difficult. The one which offers loans to the small business with less interest is MUDRA. MUDRA stands for micro unit's development and refinance agency established in the year 2015 which aims to improve the financial support for the small business. It was announced by the honourable finance minister while presenting the union budget for the financial year 2015-16 under pradhanamanthri mudra yojana. The Mudra loan is established for a variety of intents which results in employment generation and increase in income. The loans are provided under Mudra scheme for business purposes to traders, shopkeepers and other service sector activities.

II. REVIEW OF EARLIER WORKS

Ashish Mahajan (2016) in his study on 'An analysis of performance and impact of MUDRA yojana under PMMY' have been discussed the importance of MUDRA scheme in taking financial initiation towards upliftment of business units, one of the convenient products for the business units to balance there working capital requirements by offering the maximum limits of withdrawal of money. MUDRA is a unique product which divided its schemes into 3 called Shishu, Kishore,

Tarun, where these schemes are having the limits to access the finance. This scheme is well accepted by banks and other financial institutions. With mudra certain change has to see in business enterprises in terms of growth and development.

Dr Shovana Choudhry (2019) in one of the studies 'An empirical study of Pradhan Mantri Mudra yojana' opined that the MUDRA yojana is potential initiative of Govt of India for promotion of business units, and micro finance institutions, cooperative banks by refinance facility, and this scheme is extremely focus on the entrepreneurs by strengthening their financial conditions.

Dr Kshetrimayum Ranjan Singh(2018) in his article 'Development of Micro Small and Medium Enterprises through MUDRA loans', identifies that the disbursement of finance through mudra scheme for small business sectors, where there is a lack of financial support from the organized financial sector. Especially for non-corporate sector those operates as unregistered enterprises banks were reluctant to give credit facilities, but with the refinancing facility of MUDRA bank, enterprises were rescue from the financing problems and this initiative of Financing under PMMY will contribute for the development of Business, creation of employment and distribution of income in economy.

III. RESEARCH DESIGN

3.1: Objectives of the Study

The primary objective of the research is intended to study the financial inclusion of mudra scheme and also its performance in developing start-ups in the state of Karnataka, further to analyse the loans sanctioned through MUDRA SCHEME for Karnataka and Tamilnadu, meanwhile the study compared the performance of MURDRA scheme for two states.

3.2 Methodology

The present study follows Descriptive nature, the information and data for this research is collected by using secondary sources. The scope of the study analysing the statistics of loan disbursed for both Karnataka and Tamilnadu.

IV. RESULTS AND DISCUSSION

4.1 Overview of PMMY (Pradhana Mantri Mudra Yojana):

PMMY was announced by the honourable Pri Minister Shri Narendra Modi on 8th April 2015, together MUDRA Bank. The MUDRA is set up by the Indian Government as a part of financial activities in this financial service accessible at affordable costs to all individuals and businesses. It made avail to the small borrowers necessary finance from Public sectors banks, RRB's, Co-operatives, NBFC's, PSB's up to 10 lacs for the income generation through non-farm business.

4.2 Eligibility

The Non-farm activities like manufacturing, trading, processing and service sector which requires the credit of less than 10 lac can approach banks or other financing agencies under PMMY but the person who needs finance should be an Indian citizen.

Loan types provided: under the scheme of Pradhan Mantri Mudra Y, MUDRA has the following products/scheme.

- **Shishu:** offers loans upto 50000/-
- **Kishore:** provides loans above 50000/- upto 500000
- **Tarun:** lends loans above 500000/- upto 1000000/-

The names Shishu, Kishore and Tarun indicates stages of growth and development of needs of funds to the beneficiaries of micro units or entrepreneurs and it also encourages to point of reference in next stage of development and growth to look into future it will ensure that at least 60% of credit provided under the category of Shishu Units and the balanced Kishor and Tarun category. There is no subsidy for the loan given under PMMY. However, if the loan proposal is linked some govt scheme, where in the govt is providing capital subsidy, it will be eligible under PMMY also.

The segments covered: with the purpose of reducing the coverage of beneficiaries' and tailor products to meet their specific business necessities, segments concentrated schemes would be rolled out. To start with that, on the base of higher education in certain activities or segments, the schemes are developed for:

- Load conveyance segment/activity, which will help business units to purchase of the vehicles for transportation of goods and personnellss such as rickshaw, passengers cars and the goods transport etc.

- Public, community and individual services events, such as saloons, beauty parlours, shops, gym, boutiques, tailoring, dry cleaning, cycle and motor cycle repair shop, DTP and photocopying facilities, medicine shops, courier agents, etc.

4.3 Scheme Analysis

Table 4.1: Sanction and Disbursement of Loans Under MUDRA Scheme for Karnataka

Year	Karnataka[Amount Rs. in Crore]											
	Shishu			Kishor			Tarun			Total		
	(Loans up to Rs. 50,000)			(Loans from Rs. 50,001 to Rs. 5.00 Lakh)			(Loans from Rs. 5.00 to Rs. 10.00 Lakh)					
	No of Sanctions	Sanctioned Amt	Disbursement Amt	No of Sanctions	Sanctioned Amt	Disbursement Amt	No of Sanctions	Sanctioned Amt	Disbursement Amt	No Of Sanctions	Sanctioned Amt	Disbursement Amt
2019-2020 provisional	1018178	2701.07	2682.96	168566	1918.05	1862.36	23630	932.1	877.86	1210374	5551.22	5423.17
2018-2019	4913740	13602.31	13428.73	722789	10014.47	9764.81	170407	6378.57	6151.9	5806936	29995.35	29345.44
2017-2018	4065431	10487.14	10351.83	434785	7382.66	7177.23	68277	5139.93	4971.61	4568493	23009.73	22500.67
2016-2017	3546071	8259.72	8166.92	332182	5666.11	5402.85	55325	4076.72	3720.93	3933578	18002.55	17290.7
2015-2016	4153714	9157.83	9071.71	264744	4890.55	4744.94	41151	2812.97	2652.78	4459609	16861.35	16469.43

Source: mudra.org.in

Analysis and Interpretation

Table above clearly explains the loan sanctioned under MUDRA scheme in three different stages to the state of Karnataka. Under SHISHU stage from the year 2015-16 to 2018-19 it is increasing due to the awareness of people about the schemes and growing interest among young stars to start new business and also ease of reaching the scheme. But in the year 2019-20 it is decrease because of the pandemic of COVID-19, and rules and regulations made by the government to prevent the decease. Under the KISHORE stage also the same trend is identified and under TARUN stage also the increasing trend is identified.

Table 4.2: Sanction and Disbursement of Loans Under MUDRA Scheme for Karnataka

Year	Tamilnadu[Amount Rs. in Crore]											
	Shishu			Kishor			Tarun			Total		
	(Loans up to Rs. 50,000)			(Loans from Rs. 50,001 to Rs. 5.00 Lakh)			(Loans from Rs. 5.00 to Rs. 10.00 Lakh)					
	No of Sanctions	Sanctioned Amt	Disbursement Amt	No Of Sanctions	Sanctioned Amt	Disbursement Amt	No Of Sanctions	Sanctioned Amt	Disbursement Amt	No Of Sanctions	Sanctioned Amt	Disbursement Amt
2019-2020 provisional	1107446	3689.66	3682.86	123805	1451.2	1388.28	26994	935.63	880.52	1258245	6076.49	5951.66
2018-2019	6528577	18658.28	18597.62	601720	8943.04	8710.56	310365	6658.73	6499.7	7440662	34260.05	33807.87
2017-2018	5366167	13266.17	13237.23	431666	7407.89	7176.1	62332	4657.62	4567.59	5860165	25331.68	24980.92
2016-2017	5000285	10931.84	10897.54	275564	4430.15	4258.53	34008	2690.68	2600.32	5309857	18052.68	17756.39
2015-2016	4506237	8252.46	8231.68	<div>Chart Area</div>	1398.88	4282.07	40506	3194.8	2983.11	4781567	15846.14	15496.86

Source: mudra.org.in

Analysis and Interpretation

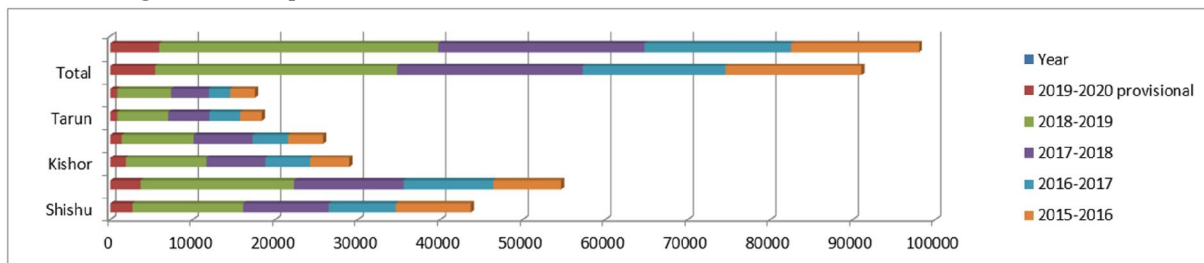
Above table clearly exhibits the loan sanctioned under there stages of MUDRA scheme to the state of Tamilnadu. Under the first stage Shishu, from the year 2015-16 to 18-19 there is an increasing trend, but in the year 2019-20 it is decreased in a very high rate this may because of the same reason, during the lockdown period many small units are closed their operation due to decrease in their sales, youngsters did not come front to start their business due to uncertain situation.

Table 4.3: Comparison of Disbursement of Loans under MUDRA Scheme of two states

Year	Shishu		Kishor		Tarun		Total	
	Disbursement Amt (Karnataka)	Disbursement Amt (Tamilnadu)	Disbursement Amt (Karnataka)	Disbursement Amt (Tamilnadu)	Disbursement Amt (Karnataka)	Disbursement Amt (Tamilnadu)	Disbursement Amt (Karnataka)	Disbursement Amt (Tamilnadu)
2019-2020 provisional	2682.96	3682.86	1862.36	1388.28	877.86	880.52	5423.17	5951.66
2018-2019	13428.73	18597.62	9764.81	8710.56	6151.9	6499.7	29345.44	33807.87
2017-2018	10351.83	13237.23	7177.23	7176.1	4971.61	4567.59	22500.67	24980.92
2016-2017	8166.92	10897.54	5402.85	4258.53	3720.93	2600.32	17290.7	17756.39
2015-2016	9071.71	8231.68	4744.94	4282.07	2652.78	2983.11	16469.43	15496.86

Source: mudra.org.in

Figure 4.1: Comparison of Loan Sanctioned and Disbursement of Loans Under MUDRA Scheme



Analysis and Interpretation

From the above table and chart following interpretations can be identified

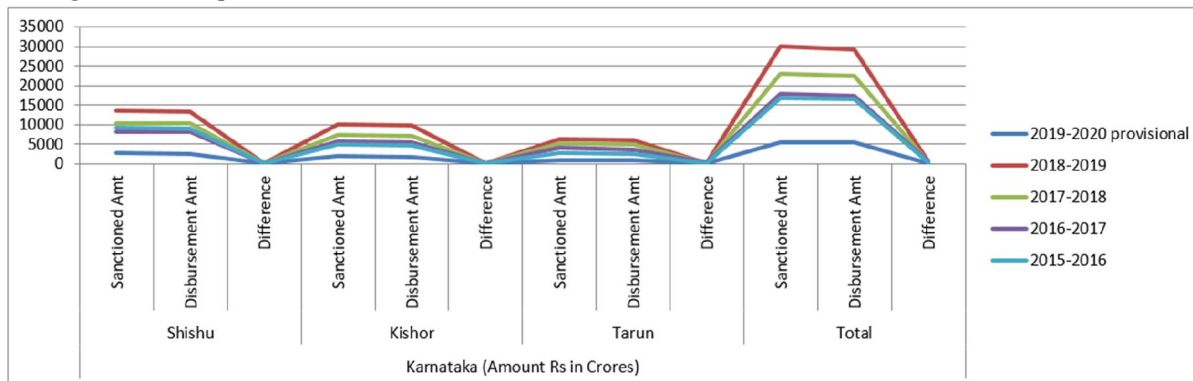
1. In the first stage(Shishu), When compare to loan disbursed in Karnataka, in Tamilnadu maximum amount of loan is disbursed this may be due to more opportunities are identified by the people to start business under very low investments.
2. Under KISHORE stage there exists a slight difference in both the states, here also Tamilnadu is in leading position, it may be because of the policy frameworks done by the state government and the opportunities identified by the people too.
3. In third stage also the same trend is identified due to the level of disbursements in the first two stages.

Table 4.4: Comparison of Loan Sanctioned and Disbursement of Loans Under MUDRA Scheme in Karnataka

Year	Karnataka (Amount Rs in Crores)											
	Shishu			Kishor			Tarun			Total		
	Sanctioned Amt	Disbursement Amt	Difference	Sanctioned Amt	Disbursement Amt	Difference	Sanctioned Amt	Disbursement Amt	Difference	Sanctioned Amt	Disbursement Amt	Difference
2019-2020 provisional	2701	2683	18.11	1918.1	1862	55.69	932.1	877.86	54.2	5551	5423	128
2018-2019	13602	13429	173.58	10014	9765	249.7	6378.6	6151.9	227	29995	29345	650
2017-2018	10487	10352	135.31	7382.7	7177	205.4	5139.9	4971.6	168	23010	22501	509
2016-2017	8260	8166.9	92.8	5666.1	5403	263.3	4076.7	3720.9	356	18003	17291	712
2015-2016	9158	9071.7	86.12	4890.6	4745	145.6	2813	2652.8	160	16861	16469	392

Source: mudra.org.in

Figure 4.2: Comparison of Loan Sanctioned and Disbursement of Loans Under MUDRA Scheme in Karnataka



Analysis and Interpretation

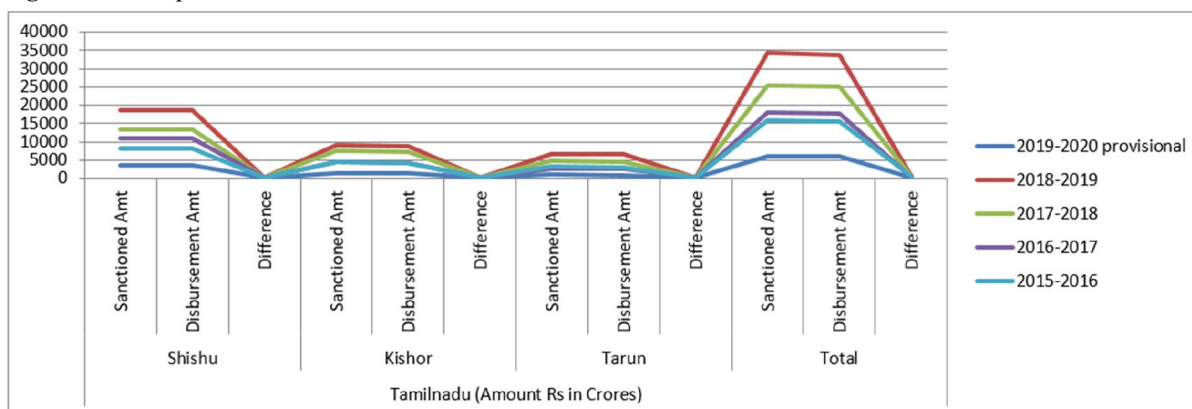
In the above table an attempt is made to identify the difference in the loan amount sanctioned and disbursed under MUDRA scheme in the state of Karnataka. Here there is a difference identified in each year i.e., from 2015-16 to 2019-20, but the target is reached by the concerned authorities about 99.16% approximately. Hence it is said that the targeted beneficiaries are successfully reached by the policy makers, and provided financial assistance to the needy, especially the young entrepreneurs who are in need and interested to start their own ventures. This will definitely remove the problem of unemployment from the country.

Table 4.5: Comparison of Loan Sanctioned and Disbursement of Loans Under MUDRA Scheme in Tamilnadu

Year	Tamilnadu (Amount Rs in Crores)											
	Shishu			Kishor			Tarun			Total		
	Sanctioned Amt	Disbursement Amt	Difference	Sanctioned Amt	Disbursement Amt	Difference	Sanctioned Amt	Disbursement Amt	Difference	Sanctioned Amt	Disbursement Amt	Difference
2019-2020 provisional	3690	3682.9	6.8	1451.2	1388	62.92	935.63	880.52	55.1	6076	5952	125
2018-2019	18658	18598	60.66	8943	8711	232.5	6658.7	6499.7	159	34260	33808	452
2017-2018	13266	13237	28.94	7407.9	7176	231.8	4657.6	4567.6	90	25332	24981	351
2016-2017	10932	10898	34.3	4430.2	4259	171.6	2690.7	2600.3	90.4	18053	17756	296
2015-2016	8252	8231.7	20.78	4398.9	4282	116.8	3194.8	2983.1	212	15846	15497	349

Source: mudra.org.in

Figure 4.3: Comparison of Loan Sanctioned and Disbursement of Loans Under MUDRA Scheme in Karnataka



Analysis and Interpretation

From the above table is concluded that there exists very less amount of difference in loan sanctioned and disbursed, in Tamilnadu also the policy makers, reached their targets through various means. Henceforth the scheme is succeeded in

providing financial and allied facilities to the small investors through all the three stages, and solved some social issues like poverty and unemployment. This also be considered as a positive growth.

V. CONCLUSION

The Micro Units Development and Refinance Agency was established under the Prime Minister Mudra yojana for the purpose to extend the loan facilities to the development of the business activities, the MUDRA yojana works good in providing the financial assistance to the people, MUDRA offering the loans facilities all over the country in different states, for the purpose of the study Karnataka and Tamilnadu was selected to analyse. Both Karnataka and Tamilnadu extends the loan facilities under the three different schemes such as Shishu, Kishor and Tarun, but bothe karntaka and the Tamilnadu Makes the difference in the lending because the states have particular quantity of the fund to disburse it to the needy but the states will fails to lend the whole sanctioned fund this makes to understand the both Karnataka and the Tamilnadu fails to create the awareness about the opportunities available to the business establishes as well as the business developers to start the business and to meet there working capital requirements through borrowings under the Mudra yojana in the forms of term loans. The initiation need to take to create the awareness about the mudra yojana and its opportunities through by the education institutions, banking Institutions and other financial and consultancy agencies. The Mudra plays the very precious role in building the economy through by assisting the Micro, Small and Medium Enterprises, so that Government need to take some initiatives to put all the efforts to educate the people about the Mudra scheme because it is not just provide the loan facilities but also involve in providing the training and skill development programmes which may result in influencing the people to develop themselves from all the ways. During the pandemic the many small business becomes weak in meeting their day to day requirements, by that the Mudra is one very good choice for the people to strengthen the business. Especially for the weaker section development as well the balanced regional development it's a very good means to develop by developing the Micro and Small business through by the Mudra.

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