

A Study on the Impact of Mudra Scheme in Development of Entrepreneurs

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ABSTRACT

For development of any country, it is essential to develop their industrial sector. India is one of the most populated country in the world, where it can be seen that day by day the labour supply is increasing which is not proportionate with the demand of labour due to technological advancement resulting in a very serious problem of unemployment. Government is trying hard to overcome this problem of unemployment. To boost self employment various schemes are being launched by the government. But the basic question which arises for self-employment is from where to get money for starting any business. To tackle this question on April 8, 2015 Hon'ble Prime Minister Shri Narendra Modi launched a yojana namely Pradhan Mantri Mudra Yojana (PMMY) to boost self-employment and to cope- up with the problems of finance of small and middle entrepreneurs. Under Mudra yojana a provision was established to provide loans to non-agricultural micro and small industries and to non-corporate upto 10 lacs limit. Over the passing years, PMMY has gained popularity. Thus, this paper aimed to study the detailed concept of Mudra yojana and financial benefits availed by small entrepreneurs.

Keywords: Pradhan Mantri Mudra Yojana (PMMY), Small Entrepreneurs, Loan Benefits

INTRODUCTION

The term entrepreneur has been originated from French word “entreprendre” which means a person who undertakes responsibility. A person with skills, knowledge, abilities and who can bear risk and uncertainties in the business for obtaining gain, such a person is known as an entrepreneur. A person who deals with uncertainties and who gathers and modulates land, capital and labour is termed as an entrepreneur. Thus, when India thinks of becoming a developed country it must be assured that the countries industrial sector has to be developed. In order to promote entrepreneurship in the country various schemes has been launched by the government some of them are mentioned below :-

Table 1
Schemes Of Govt. For Development Of Entrepreneurship

SR. NO.	SCHEMES	YEAR
1	Startup India Initiative	2016
2	Standup India Scheme	2016
3	Pradhan Mantri Mudra Yojana	2015
4	P M Svanidhi	2020

5	Make In India	2014
6	Startup Leadership Program	2010
7	Atal Innovation Mission	2016

This paper deals with PMMY (Pradhan Mantri Mudra Yojana). On April 8, 2015 Mudra yojana was launched officially. Mudra stands for Micro Units Development and Refine Agency. Main aim behind launching Mudra yojana was to provide financial assistance to small scale companies for their growth. This yojana helps both the sectors, i.e. profit sector and also non-profit sector through providing finance.

Companies which are eligible for availing benefits under Mudra yojana are :-

1. Non Banking Financial Companies (NBFC's),
2. Commercial Banks,
3. Regional Rural Banks (RRB's),
4. Small Finance Banks (SFB's),
5. Micro Financial Institutions (MFI's).

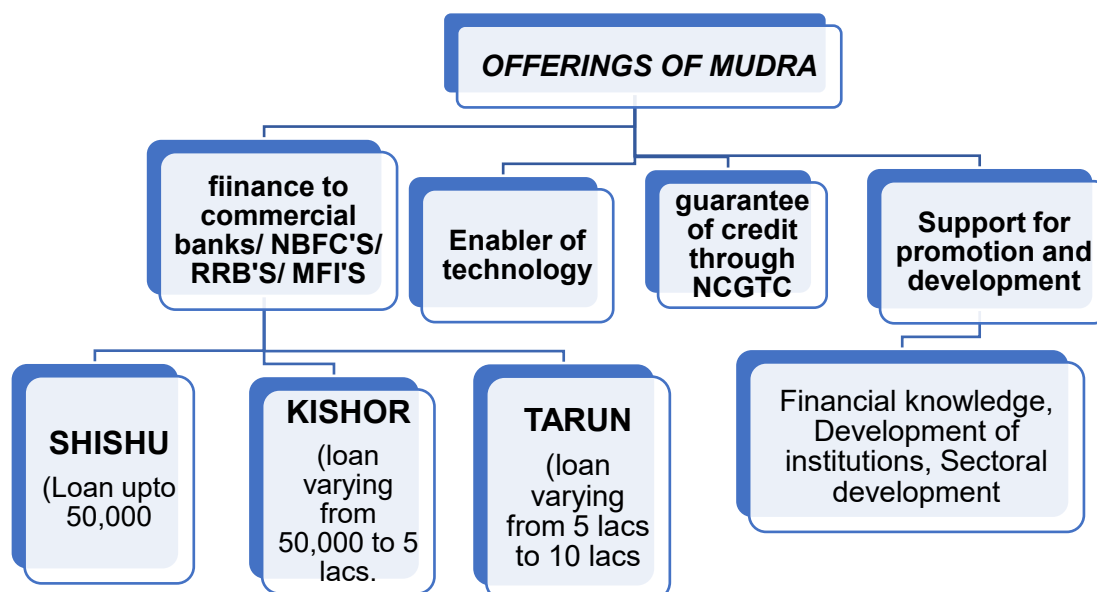
Purpose of Mudra Yojana

The basic aim is to gain development in a sustainable way through inclusivity by providing support to micro enterprises and other partner institutions in order to create an ecosystem of development and growth.

Offerings of Mudra Yojana

The offers provided under Mudra yojana is well explained through below figure :-

FIGURE 1 :



Activities under Mudra Loan Yojana

Below mentioned are the list of activities which can be covered under the PMMY loans.

1. Sectors of food production.

2. Loans to shopkeepers and traders for business.
3. Activities related to community, society and personal services.
4. Transport vehicles.
5. Agriculture allied activities.
6. Sector producing textiles.

LITERATURE REVIEW

Anita Bindal and Dr. Rupesh Roshan Singh (2022) in their paper analyzed the mission, vision and objectives of Mudra yojana. In their study they concluded that until now Mudra yojana is not linked with bank fully. They suggested that, it is required to approach local banks and various other financial institutions to give loans to small business persons.

Dr. R Jayanthi (2019) In his research examined the requirement of entrepreneurship in India, studied the youth entrepreneurship and also the factors which affect entrepreneurship. From several aspects social entrepreneurship is seen as an important factor for development of entrepreneurship in India.

Satybrata Sahoo (2022) Studied the challenges and opportunities which are faced by Indian entrepreneurs. In his study he divided the challenges into different categories such as social challenges, personal challenges, financial challenges etc. The researcher suggested that for the development of entrepreneurship in India, it is required to pay attention towards rules, regulations and policies.

R. Rupa (2017) In her study demonstrated the success of Mudra yojana in Tamil Nadu. In the study it has been irradiated that micro-finance institutions have played a prominent role in augmenting the accounts which were financed under PMMY.

Mehar L (2014) In the paper proved a positive and upward trend of financial inclusion in India, devoting this progress to the launch of various innovative methods say M-Banking etc.

Roy, Anup Kumar (2016) In the paper showed that micro and small businesses acts as a foundation for the development of economy. In the past few years various initiatives have been undertaken to boost these institutions and businesses.

Verma S. (2015) In his study explained that the enactment of Mudra yojana will not only serve to the MSME's financial problems but will also provide moral support to various youth population encouraging them to become entrepreneur.

OBJECTIVES

1. To study Mudra schemes.
2. To analyze PMMY targets and achievements of loan disbursement of last five years.
3. To analyze performance of PMMY bank wise.
4. To analyze category wise performance of PMMY.

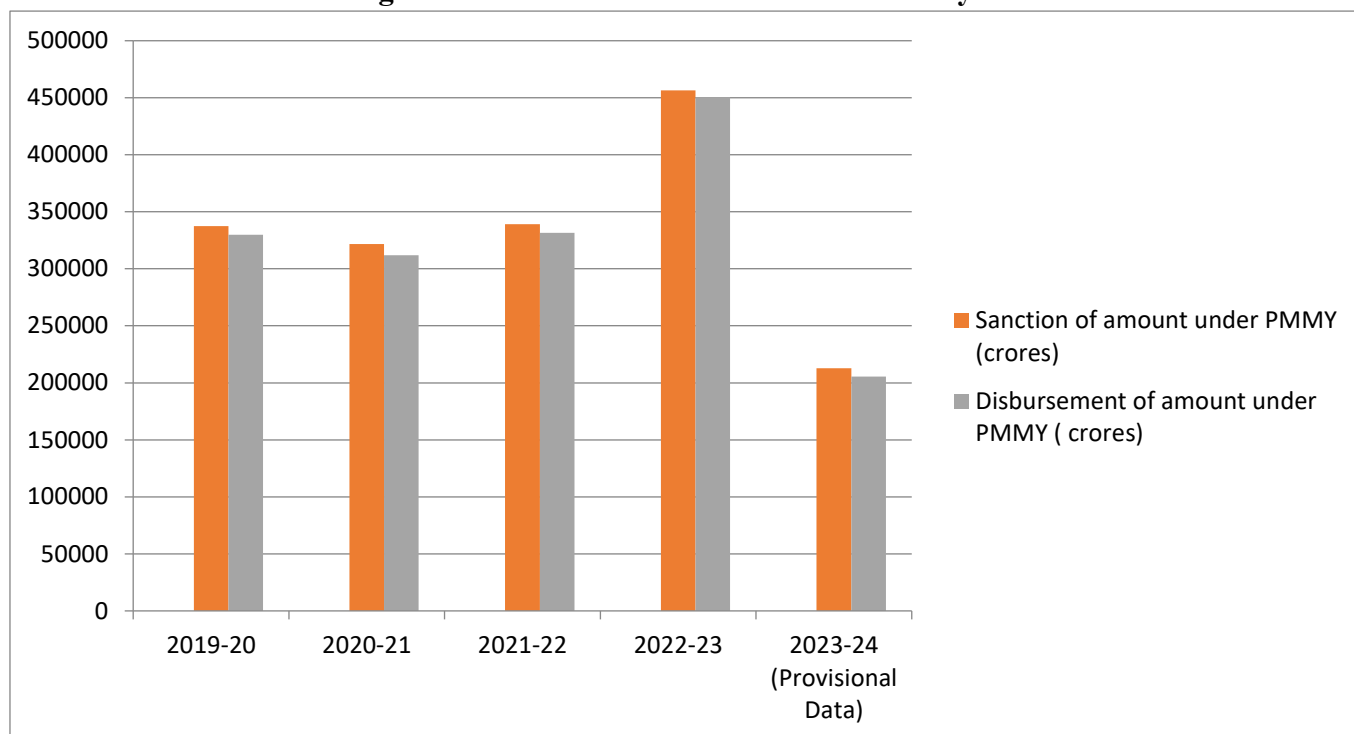
RESEARCH METHODOLOGY

For this study, the main source of data is secondary data. The present study is descriptive in nature with conceptual survey. Analytical method of research, based on quantitative data has been used in this study. Information presented in this study has been gathered from various secondary sources such as journals, magazines, websites particularly the government websites.

DATA ANALYSIS AND INTERPRETATION

CHART 1

Targets and Achievements of PMMY of last 5 years



Above chart 1 describes the sanctioned amount of loans and the actual amount distributed as loan for financial assistance in the last 5 years.

CHART 2

Bank wise performance of PMMY

Sr. No.	BANK NAME	SHISHU Disbursement Amount	KISHORE Disbursement Amount	TARUN Disbursement Amount	TOTAL Disbursement Amount
1	SBI and Associates	1858.81	11320.49	22422.35	35601.64
2	Commercial Banks (Public Sector)	8904.97	44553.52	50564.8	104023.3
3	RRB'S	2744.39	21766.38	6983.1	31493.86
4	Micro Finance Institutions	514.18	398.06	0	912.24
5	Small Finance Banks	17616.9	18236.38	2443.69	38296.97
6	NBFC- Micro Finance Institutions	42994.45	22982.41	451.22	65918.37
7	Non-Banking Financial Companies	7461.89	18272.98	7326.41	33061.27

Above chart 2 shows the comparison of the amount of loan disbursed under PMMY by different banks to all the three categories i.e. Shishu, Kishore and Tarun.

CHART 3

Category wise performance of PMMY

SR.No.	CATEGORY	SHISHU (Disbursement Amount)	KISHORE (Disbursement Amount)	TARUN (Disbursement Amount)	TOTAL
1	GENERAL	64780.57	129512.71	92152.46	2486445.74
2	SC	26058.45	18612.13	2601.71	47272.28
3	ST	8689.36	6741.82	1862.71	17293.9
4	OTHER BACKWARD CLASS	42081.47	46069.97	11260.29	99411.74
TOTAL		141609.85	200936.64	107877.18	450423.66

In above chart 3 the comparative data of amount of disbursement of loan under different categories has been shown.

From above chart it can be clearly seen that when we place the different categories in ascending order according to benefits availed the first category which comes under is General followed by OBC, SC and ST categories.

FINDINGS

Findings of the above study are mentioned below :-

1. 68% loan account belonging to women which shows women empowerment.
2. 51% of account belonging to weaker section of the society i.e. SC,ST. and other backward classes which depicts the addressing of their financial needs.
3. In year 2021-22 among the three categories of PMMY the largest shares i.e. 41% belongs to kishor loan followed by 37% belonging to shishu.

CONCLUSION

The prime objective of PMMY was to provide financial support to entrepreneurs for the development of country as entrepreneurship is the basic need for the country's progress. Indian government has launched various schemes for providing financial assistance to entrepreneur. This study presents the contribution of Mudra scheme in detail. Due to reach of Mudra scheme to large number of people, various new owned business has been established.

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