

## A Study of Pradhan Mantri Mudra Yojan

**Dr. Ambadas B. Pande<sup>1</sup>, Avinash Ramkrishna Pawar<sup>2</sup>**

Asso. Professor & Head, Dept.of Commerc & Management, Smt.R.D.G.College for Women, Akola  
Asst.Professor, Commerce & Management, Shri Shivaji College of Arts, Commerce and Science, Akot,  
Dist. Akola

### Abstract:

Micro Units Development and Refinance Agency Limited (MUDRA) was launched as a refinancing institution for providing funds to the lending institutions which are engaged in financing micro units in the country. Micro enterprises are playing vital role in the Indian economy which are providing jobs to millions of people and promoting income as well by meeting the need of finance. More than 60 million micro enterprises support over 100 million people for their employment and livelihood. Hence Micro enterprise constitutes an important pillar of Indian economy because they account for more than 90 percent of non agriculture employment. Despite of many issues like non availability of credit, limited market linkages, technology obsolescence, etc. the sector continues to grow. Access to institutional finance could potentially turn these micro entrepreneurs into strong instruments of GDP growth and employment. To build on this opportunity Government of India initiated the Micro Units Development and Refinance Agency Limited (MUDRA) in 2015-2016 with the mandate of 'Funding the Unfunded' micro entrepreneurs. By considering the facts this paper attempts to study the performance in India

**Keywords: Micro Enterprises, MUDRA, GDP, Employment Generation.**

### Introduction:

India is a country of huge population. A big responsibility of providing employment to the growing population of India has fallen on the Indian governance system. Various government schemes are launched to tackle this problem. The work of providing employment is done through this medium. Pradhan Mantri Mudra Yojana was launched on April 8, 2015 by the Prime Minister of our country, Mr. Narendra Modi, taking into consideration the problem of unemployment in India and the condition of skilled and unskilled workers in India. Under which loans up to Rs 10 lakh are being given to non-corporate, non-agricultural, small, micro enterprises. These loans are offered by commercial banks, regional rural banks, small finance banks, cooperative banks, micro finance institutions and non-banking financial companies. To provide financial assistance to the beneficiaries who want to start their own business but due to financial constraints by getting loans up to 10% from the Government of India Bank and to the beneficiaries

themselves through Pradhan Mantri Mudra Yojana and through the Empowered Beneficiaries to provide suitable capital to the dependent beneficiaries to start the business. will be encouraged.

Small traders and entrepreneurs get loans under PMMY scheme. This includes loans for starting small factories, shopkeepers, fruit or vegetable sellers, truck drivers, repairing shops, small scale industries and food processing units. Application for loans under Pradhan Mantri Mudra Yojana (PMMY) can be made in government banks, rural banks, private banks. RBI has authorized 27 public sector banks, 17 private sector banks, 31 rural banks, 36 microfinance institutions and 25 non-banking institutions to disburse Mudra loans. The central government's Mudra Yojana (PMMY) has two objectives. First, easy loans for self-employment. Secondly, employment generation through small scale enterprises. If you are also facing capital problem to start your business then you can realize your dream with PMMY of Central Govt.

The government is of the view that people will be encouraged to self-employment in large numbers if they get easy loans. This will also create a large number of employment opportunities. Before Mudra Yojana (PMMY) small enterprises have to complete many formalities to get loans from banks. A loan guarantee was also required. Because of this, many people wanted to start a venture, but hesitated to take a loan from the bank.. The central government's Mudra Yojana (PMMY) has two objectives. First, easy loans for self-employment. Secondly, employment generation through small scale enterprises. If you are also facing capital problem to start your business then you can realize your dream with PMMY of Central Govt. Pradhan Mantri Mudra Yojana is Micro Unit Development Refinance Agency. The present research studies the working methods and features of Pradhan Mantri Mudra Yojana.

### **Objectives the Study:**

1. To study the concept of Pradhan Mantri Mudra Yojana.
2. To understand the structure of PMMY.
3. To study the status of Pradhan Mantri Mudra Yojana.

### **Research methodology:**

This research paper aims to give a better understanding about the Pradhan Mantri Mudra Yojana and its status in current scenario. The study is descriptive in nature. The literature and data are mainly based on secondary a source, which has been collected from various articles, reports, magazines, journals and WWW related articles to assess the scheme.

### Features of Pradhan Mantri Mudra Yojana-

- Pradhan Mantri Mudra Yojana was launched on April 8, 2015 by the Prime Minister of our country Shri Narendra Modi.
- Through this scheme, loans up to Rs.1000000 are provided to non-corporate, non-agricultural small, micro enterprises.
- Loans given under Pradhan Mantri Mudra Yojana are called Mudra Loans.
- These loans are provided to commercial banks, small finance banks, non-banking financial institutions etc. are provided by the organization.

### Types of loans

- ShishuKarj - Loans up to Rs 50,000 are given under Shishu Karj.
- Kishore Loans – Loans ranging from Rs 50,000 to 5 lakhs are given under Kishore Loans.
- Tarun Karan - Loans ranging from 5 lakhs to 10 lakhs are given under Tarun Karan

### Benefits

- Loans are given without collateral under Mudra Yojana (PMMY).
- No processing fee is charged for the loan either.
- In Mudra Yojana (PMMY) loan repayment period can be extended up to 5 years.
- Borrower gets Mudra card with which can spend on business needs.

### Beneficiaries and disbursed amount in India under Pradhan Mantri Yojana (INR in crore)

Year	PMMY Loan Target	Loan Sanctioned	Beneficiaries	AGR
2015-16	1,22,188	1,37,449	3.48 crore	--
2016-17	1,80,000	1,80,529	3.97 crore	23.86
2017-18	2,44,000	2,53,677	4.81 crore	28.84
2018-19	3,00,000	3,21,723	5.98 crore	21.15
2019-20	3,25,000	3,37,495	64.12 lakh	4.67
Total	CAGR			19.68

Source: Annual Report of Mudra (2015-2016 to 2019-2020), (AGR – Annual Growth Rate, CAGR – Compound Annual Growth Rate)

The above table shows the targets achieved by Pradhan Mantri Mudra Yojana (PMMY) scheme for the period 2015-2016 to 2019-2020. In 2016-2017 the government has set disbursement target of RS. 1, 80,000 crore an increase of 23.86 percent over the amount sanctioned set for 2015-2016. With similar support from partner institutions, as received in 2015-2016 Mudra hopes to achieve this target. At initial stage an amount of Rs. 1, 22,188 crore was set as the target under PMMY, against which an amount of Rs. 1, 37, 449 crore was sanctioned by banks and MFIs thereby achieving the target. During second year 2016-2017 the target was at INR 1,80,000 crore and the same was achieved by sanctioning more than Rs. 1,80,529 crore loan by banks, MFIs, SFBs and NBFCs with growth rate of 23.86 percent in loan amount sanctioned. More than Rs. 2, 53,677 crore has been sanctioned in 2017-2018 in the third year of operation as against target of Rs. 2, 44,000 crore with growth rate in loan sanction 28.84 percent. The achievement data indicates only 4.67 percent growth in 2019-2020 in the overall performance of the programme implemented by all the lending institutions. The overall progress of PMMY is determined through the CAGR which shown 19. 68 percent growth in loan sanctioned.

An attempt has been made through the present research to make an analytical study about the functioning of the Pradhan Mantri Mudra Yojana launched by the Government of India while dealing with the problem of unemployment in various states and various districts of the state, the contribution of the scheme to the creation of employment and entrepreneurship.

### **Conclusion**

In modern times, in a country with a huge population like India, the problem of unemployment is taking a very serious form. The stages of development that India has gone through in nearly 75 years since independence. Various changes have taken place in it. These changes have been experienced by the country in every sector. Green revolution, industrial revolution, many modern changes have come to the fore in the last ten years as well. Along with this, progress has also been made in the field of education in the country. Millions of graduates are being produced every year. The rate of population growth is also high, making it difficult for every hand to find work. Employment opportunities should be created in every sector, all those who want to work should be able to create employment based on their skills, the possibility of solving unemployment cannot be denied. Pradhan Mantri Mudra Yojana is a great initiative taken by the Govt. of India. It brought remarkable change in the area of microfinance. The scheme is very helpful for the development of weaker section, low income group as well as unfunded population. This scheme will increase the opportunities for credit requirement and refinance. So it can be said that if it is implemented properly, it may work as a game changing financial inclusion initiative of Government of India and may boost the Indian economy.

### References

1. Annual Report (2020)., Mudra, Micro Units Development and Refinance Agency Limited.
2. MUDRA Banks credit details.  
<https://www.financialexpress.com/about/mudra-bank/>. Date accessed: 30/09/2018
3. Roy, Anup Kumar (2016). “Mudra Yojana- A Strategic tool for Small Business Financing”, International Journal of Advance Research in Computer Science and Management Studies.
4. [www.mudra.org.in](http://www.mudra.org.in)
5. [www.researchgate.org](http://www.researchgate.org)