

MUDRA: A Catalyst for Women Entrepreneurs and New Entrepreneurs in India

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ABSTRACT

Small enterprises have a considerable role in sustainable growth and development of an economy of a developing country like ours. Often it is perceived that large industries generate more employment for people but the fact which cannot be denied that in India small industries have employed more people as compared to larger industries. Small industries create employment at large scale for poor, uneducated and semi skilled persons. After the agriculture it is a largest sector in having employment for uneducated and less skilled peoples in India. Despite of these benefits this sector is facing many problems like lack of finance, lack of technology etc. so that government are continuously taking many initiative to promote this sector. Pradhan Mantra MUDRA Yojana (PMMY) is an initiative taken by government to assist small industries and to promote people to be self employed. This research paper analyses the state wise performance of the PMMY in India and also has a little glance on the financial results of MUDRA bank. The purpose of this paper is to check the contribution of PMMY in the raising the new entrepreneurs and towards women entrepreneurs in India.

1. Introduction

In the Indian economy MSMEs sector has an enormous importance. The MSMEs sector significantly contributes to

GDP of the Indian economy. Its contribution can be understood by the following table:

Table -1
Contribution of MSMEs in country's economy in terms of GDP

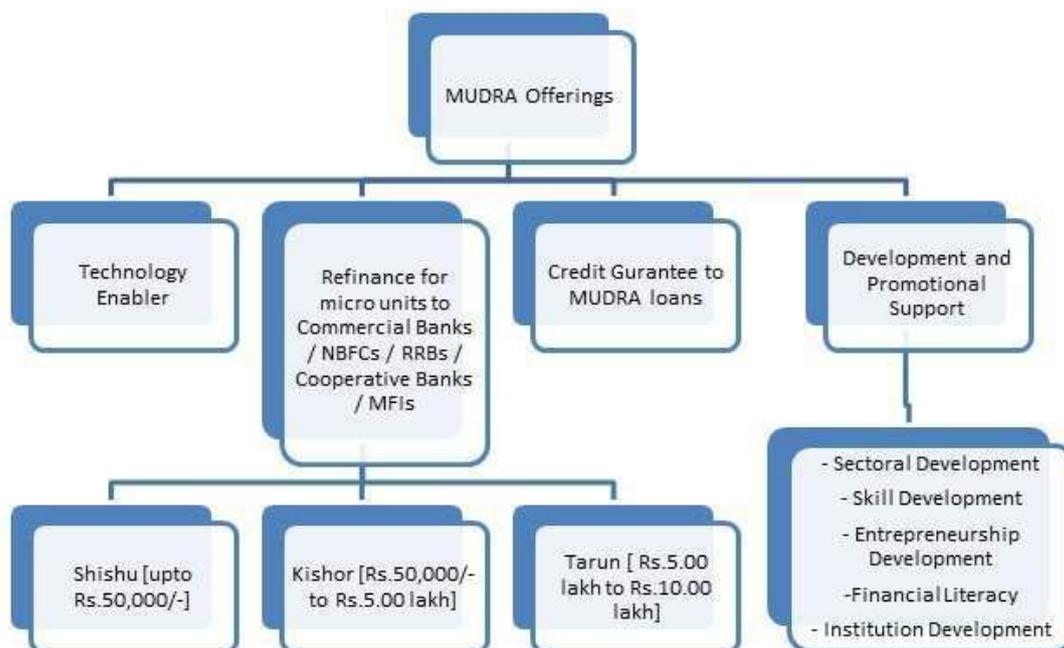
Year	2011-12	2012-13	2013-14	2014-15	2015-16
Share of MSMEs in GDP (%)	29.57%	29.94%	29.76%	29.39%	28.77%

Source: Annual Report of MSMEs, 2017-18.

This sector constitutes a pillar to the Indian economy because of its contribution in national GDP and employment generation by creation of small scale industries and through self employment. In India, most of number of MSMEs is established in the Uttar Pradesh state. It has 14.20% share of total MSMEs in the country. West Bengal is on second position in having large number of MSMEs (with a share of 14% MSMEs in the countries). This sector is continuously growing despite of facing many problems like financial issues, potential market, availability of raw materials and technological obsolescence etc. the government of India continuously taking various policy initiative in the favour of the MSMEs for their growth and development and starting various development programmes to resolve their issues. PMMY (Pradhan Mantra MUDRA Yojana) is also a type of initiative taken by central government of India to fulfill the credit related needs of MSMEs. On April 8, 2015, Honorable Prime Minister of India launched the Pradhan Mantra MUDRA Yojana (PMMY) scheme to provide loans (which are also called as MUDRA loans) upto 10 lakhs to non corporate, nonfarm small/micro enterprises. The medium to provide these MUDRA loans are commercial banks, regional rural banks, small finance banks, cooperative

banks, microfinance institutions & non banking financial companies (NBFCs). MUDRA (micro unit development and refinancing agency) are public sector financial institutions set up under the PMMY scheme. These provides loan to small entrepreneurs outside the service area of the other banks. Small industries development bank of India (an institution of the government of India) has ownership and control of the MUDRA. Under the PMMY scheme MUDRA (micro unit development and refinancing agency) classified its product into three categories (which are also called initial offering of the MUDRA) as follows:

1. Shishu: under this scheme loan of amount up to Rs.50000 are covered
2. Kishore: under this scheme loan of Rs. 50000 to 5 lakhs are covered
3. Tarun: under this scheme loan of Rs. 5 lakhs to 10 lakhs are covered
4. Other offering/ products of MUDRA



Source: <https://www.MUDRA.org.in>

2. Review of literature

In 2018, Parkash and Devaki in their research study analyze the performance of MUDRA with special reference to the Tamilnadu state through a comparative study of year 2015-16 and 2016-17. They studied the account sanction and amount disbursed under the all schemes of loan providing (Shishu, Kishore and Tarun). The study found that account sanctioned and amount disbursed under the Shishu scheme is increased but under the Tarun scheme is decreased and under the Kishore scheme account sanctioned is increased but amount disbursement shows no much difference.

In 2018, Public Policy Research Centre conducted a research to assess the impact of Pardhan Mantri MUDRA Yojana in Delhi NCT. The study highlights that to what extent MUDRA become successful in job generation and extention of livelihood. This study also discussed case studies of the beneficiaries of MUDRA Yojana and its impact on their business. The study found that MUDRA has an impact on the economy by creating livelihood and opportunities for employment of peoples. In addition to that study found some challenges to the MUDRA like lack of awareness, capacity building and supporting etc.

In 2018, George and Nalini explained the role of MUDRA in the growth of MSMEs in their research. The study found that MUDRA has a significant role in the growth and development of the MSMEs through their functions like providing policy guidelines for micro financing units, formulating lending norms of MFIs, promoting right technology solution, acting as a regulator for MFIs, formulating credit guarantee scheme, and supporting development and promotional activities etc.

In 2017, Agarwal and Dawivedi in their research analyze the MUDRA performance critically. In this research they studied the state wise, categories wise performance of MUDRA yojana. A swot analysis was done in this research to analyse the strengths, weakness, opportunities and threats to MUDRA.

The study found that Andeman and Nikobar Dweep Smuh and Lakshadweep have negative growth rate in MUDRA scheme and Assam and Tripura are two states having a very slow growth rate. The study also reveals that it is a scheme launched by government of India which is more beneficial to the weaker section of the societies and recommended that if it is implemented properly then it will boost the Indian economy.

In 2017, Gupta, Matho and Dubey in their research study tried to find out the role of MUDRA yojana in promotion of financial inclusion particularly in the state of Jharkhand. The study discussed the role and responsibilities of MUDRA in brief. The study found that in Jharkhand nearly 1 lakh people received loan under the MUDRA scheme. Most of them are received under the Shishu scheme of MUDRA. And concluded that MUDRA scheme will help to boost the micro, small and medium enterprises.

In 2016, Mahajan conducted a study with the objective of analysis of performance of the MUDRA and impact of MUDRA on the small scale entrepreneurs and self employed people. The study analyzed the regional performance separately under the different schemes and loan disbursed by different types of bank to different sections of the society like women entrepreneurs, new entrepreneurs, SC, ST and OBC, minority groups and through MUDRA card etc. the study concluded that MUDRA scheme launched by the government of India is directly contributing to Indian economy and it is helping more people to be self employed.

3. Objectives of the research

This research paper tried to address the following objectives:

- To analyze the performance of the MUDRA in last three year
- To examine the contribution of MUDRA towards new entrepreneurs

- To check the contribution of MUDRA towards women entrepreneurship

news papers, annual reports of MUDRA etc. are used to collect the data.

4. Research methodology

Descriptive research design is used for this research paper. Data used for this paper is collected from the secondary source. Various research paper, articles, websites, journals,

5. Data analysis

5.1 Performance of MUDRA

Achievement under PMMY since its inception can be discussed in brief as follows:

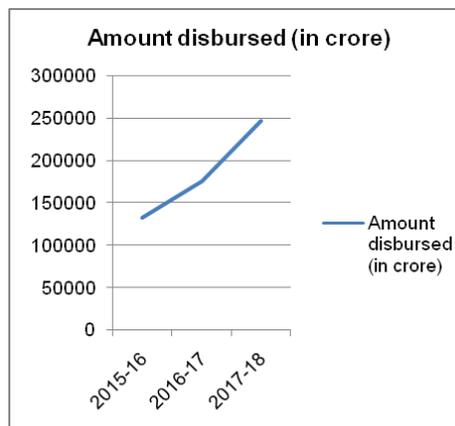
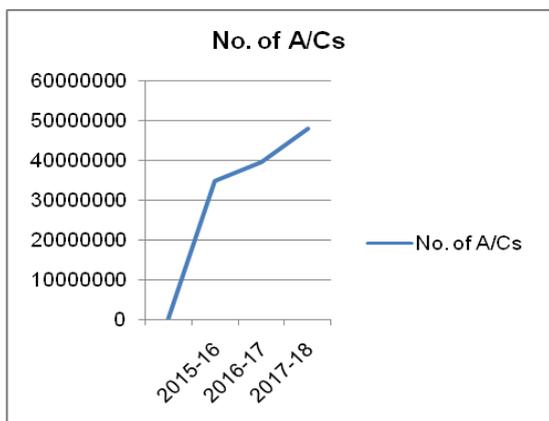
Table -2
Yearly performance of MUDRA

Year	No. of A/Cs	Amount sanctioned (In Rs.Crore)	Amount disbursed (In Rs. Crore)	Average amount disbursed per account (InRs.)
2015-16	34880924	137449.27	132954.73	38117
2016-17	39701047	180528.54	175312.13	44158
2017-18	48130593	253677.10	246437.40	51202
*2018-19 (till August 31, 2018)	15380784	81624.08	76578.39	49788

Source: <https://www.MUDRA.org.in>

(*Note: data related to the financial year 2018-19 is not for complete year. It is till august 31, 2018)

The above table can be represented graphically as follows:



We can see from the above table the growth of MUDRA till august 31 of the financial year 2018-19 since its inception. The number of account opened and amount disbursed is in increasing trends but during the financial year 2017-18 this increment is more as compared to increment during the financial year 2016-17. It can also be understood from the line

graph because it is steeper for the year 2016-17 as compared to 2017-18 for both number of accounts and amount disbursement. As the table represents that number of accounts opened and amount disbursed are in increasing trends and average amount disbursed per account also shows an increasing trends.

5.2 State wise performance of MUDRA

Table -3
Top 10 states in terms of MUDRA loans beneficiaries

Sr. No	Name of the state	No. Of A/Cs in 2015-16	Disbursed amount in 2015-16 (in Crore)	No. Of A/Cs in 2016-17	Disbursed amount in 2016-17 (in Crore)
1	Tamil Nadu	4781567	15496.9	5309857	17756.4
2	Karnataka	4459609	16469.4	3933578	17290.7
3	Maharashtra	3535065	13372.4	3344154	16976.8
4	Uttar Pradesh	3345382	11880.9	3337547	14753.6
5	West Bengal	2628548	7740.41	4566505	15480
6	Madhya Pradesh	2511191	7769.29	2683052	10191.9
7	Bihar	2451439	7265.91	3756716	11585.6
8	Odisha	2343261	5436.26	2606769	7600.68

9	Rajasthan	1159819	5248.28	1204837	8823.3
10	Gujarat	1086407	5910.02	1103453	7692.07
	Total	28302288	96589.81	31846468	128151.1

Source: <https://www.MUDRA.org.in/Home/ShowPDF>

Table - 4
Lowest 10 states in terms of MUDRA loan beneficiaries

Sr. No	Name of the state	No. Of A/Cs in 2015-16	Disbursed amount in 2015-16 (in Crore)	No. Of A/Cs in 2016-17	Disbursed amount in 2016-17 (in Crore)
1	Manipur	24021	120.03	21865	142.47
2	Chandigarh	22605	204.52	19039	221.26
3	Meghalaya	19151	162.41	23915	185.74
4	Mizoram	7772	77.78	6973	90.31
5	Sikkim	6889	54.61	19865	96.54
6	Nagaland	5134	76.54	11051	103.83
7	Arunachal Pradesh	4625	71.62	6109	78.67
8	Dadra and nagar haveli	1236	21.27	2587	22.61
9	Daman and div	1109	12.02	774	12.08
10	Lakshadweep	740	5.35	473	4.51
	Total	93282	806.15	112651	958.02

Source: <https://www.MUDRA.org.in/Home/ShowPDF>

Table -5
Performance of remaining states in terms of MUDRA loan beneficiaries is as follows:

Sr. No	Name of the state	No. Of A/Cs in 2015-16	Disbursed amount in 2015-16 (in Crore)	No. Of A/Cs in 2016-17	Disbursed amount in 2016-17 (in Crore)
1	Jharkhand	872868	2845.66	1023593	3908.99
2	Kerala	830411	4727.38	982260	6140.44
3	Andhra Pradesh	795688	5790.79	587569	5731.8
4	Haryana	745535	3152.62	716622	3697.59
5	Punjab	653973	3484.49	705569	4512.28
6	Chhattisgarh	639711	2156.14	884941	3209.86
7	Assam	427272	1728.46	1255754	4824.54
8	Telangana	400761	3694.34	482694	3780.49
9	Delhi	394388	2857.97	224975	3700.51
10	Uttarakhand	360007	1745.08	286579	1913.88
11	Himachal Pradesh	85564	965.7	82851	1214.02
12	Pondicherry	82866	331.91	130360	485.49
13	Tripura	68146	337.26	253807	968.55
14	Jammu and Kashmir	57974	1152.15	89712	1663.51
15	Goa	45471	376.04	31289	372.78
16	Andaman and Nicobar Islands	24719	212.78	3353	78.34
	Total	6485354	35558.8	7741928	46203.1

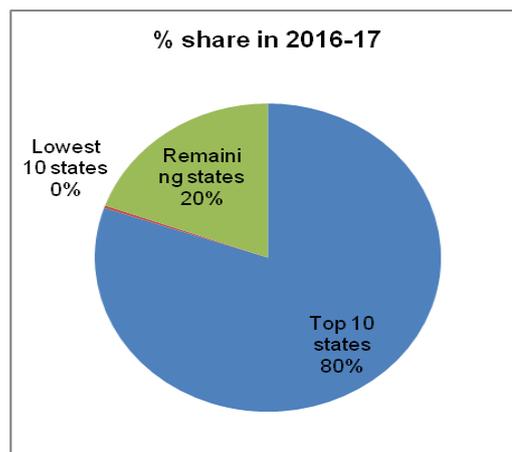
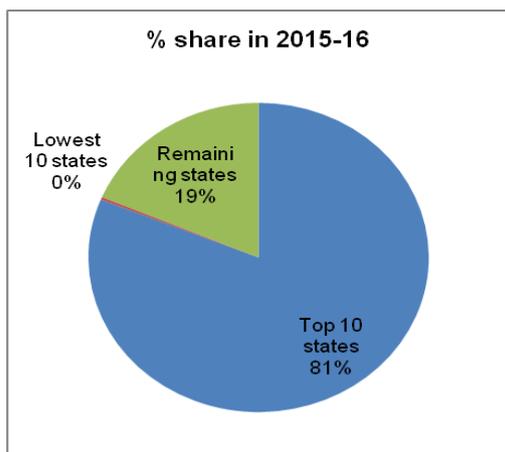
Source: <https://www.MUDRA.org.in/Home/ShowPDF>

Table-6

Particulars	% share in 2015-16	% share in 2016-17
Top 10 states	81.14%	80.22%
Lowest 10 states	0.27%	0.28%
Remaining states	18.59%	19.50%
Total	100	100

Source: computed

The above can be represented graphically as follows:



We can see from the table that top 10 states in terms of MUDRA loan beneficiaries has a share of 81.14% in the financial year 2015-16 and 80.22% in the financial year 2016-17. The share of 10 lowest beneficiaries states is only 0.27% in the year 2015-16 and 0.28% in 2016-17 as a whole. And remaining share of total beneficiaries is of rest of the states.

5.3 Contribution of MUDRA towards new entrepreneurs

MUDRA scheme can be said as a catalyst to the start up India because it has contributed to start the new enterprises to a large extent. In the 2015-16 out of total 3,48,80,924 A/Cs opened through MUDRA scheme 1,24,74,668 A/Cs are of new

entrepreneurs and out of total disbursement of Rs.132954.73Crore as a loan , an amount of Rs. 58908.08 Crore is disbursed to the new entrepreneurs. In the year 2016-17 out of total 3,97,01,047 A/Cs opened through MUDRA scheme 9989470 are of new entrepreneurs and out of total disbursed amount of Rs.175312.13 Crore, an amount of Rs. 69973.96 are disbursed to new entrepreneurs. In the year 2016-17 number of accounts of new entrepreneur is decreased as compared to previous year but amount disburse is increased because in this year loan disbursed through the Kishore and Tarun scheme is increased.

Table – 7
Accounts opened by new entrepreneurs under the MUDRA scheme

For new entrepreneurs in the Year	No. Of A/Cs	Sanctioned amount (in Crore)	Disbursed amount (in Crore)
2015-16	12474668	61649.95	58908.08
2016-17	9989470	72960.14	69973.96

Source: <https://www.mudra.org.in/>

5.4 Contribution of PMMY towards women entrepreneurship

Due to easily availability of loan through MUDRA scheme a drastic change has also come in the women entrepreneurship. In the financial year 2015-16 out of total account opened 27628265 accounts are opened for women

entrepreneurs and out of total disbursement Rs. 63190.43 Crore are disbursed to the women entrepreneurs as a loan. In the financial year 2016-17 numbers of accounts of women entrepreneur through MUDRA scheme are 29146894 and amount disbursed to the women entrepreneurs is Rs. 78249.77 Crore.

Table -8
Accounts opened by women entrepreneurs under the MUDRA scheme

For women entrepreneurs in the Year	No. Of A/Cs	Sanctioned amount (in Crore)	Disbursed amount (in Crore)
2015-16	27628265	82183.55	63190.43
2016-17	29146894	80289.68	78249.77

Source: <https://www.mudra.org.in/>

Table -9
Top 10 states in terms of women entrepreneurs beneficial under the PMMY scheme in year 2016-17

Sr. No.	Name of the state	No. Of A/Cs opened of women entrepreneurs	Amount disbursed (in Crore)
1	Tamil Nadu	2435864	5700.43
2	Karnataka	1890285	4707.78
3	Maharashtra	1669527	3985.29
4	Bihar	1516870	2889.26
5	West Bengal	1467957	2724.61
6	Uttar Pradesh	1428262	2907.17

7	Odisha	1358811	2608.24
8	Madhya Pradesh	1156996	2632.86
9	Rajasthan	423014	1077.59
10	Jharkhand	410025	847.34

Source: <https://community.data.gov.in>

Under the PMMY, during the 2016-17, 56.3% of the total women entrepreneurs benefited are belongs to top 5 states out of above mentioned 10 states, as a whole. And 85.99% of the

total women entrepreneurs benefited as a whole are belongs to these 10 states.

5.5 An overview of financial performance of MUDRA

Table -10
Financial results highlights

Particulars	2015-16 (in Crore)	2016-17 (in Crore)
Revenue from operations	50.10	286.08
Other income	313.85	249.00
A. Total income	363.95	535.08
Employees benefits expenses	2.39	3.98
Financial costs	243.31	343.65
Depreciation expenses	0.01	0.05
Provisions & write off	9.73	11.67
Other expenses	2.54	3.40
B. Total expenses	257.98	362.75
Profit before tax (A-B)	105.97	172.33

Source: Annual Reports of MUDRA Bank

It can be seen from the above table that total income of the MUDRA is more than its total expenses in both financial years. In the year 2015-16 it earns a profit of Rs. 105.97 Crore before tax and in the year 2016-17 it earns a profit of Rs. 172.33 Crore before tax. In the financial year 2016-17 its profit before tax is increased by the Rs.66.36 Crore in comparison to previous year.

6. Conclusion

It can be concluded from above study that PMMY is an enormous step taken by the government for the easy accessibility of finance to the small businesses. With its main objectives of easy availability of loans for the micro and small business it not only contributes to the growth and development of MSMEs but it proves a medium to reduce the poverty and problem of unemployment. Continuous growth in MSMEs sector helps to promote make in India initiative and start up India initiative. It contributes to the women empowerment to large extent by making them self employed/self dependent

which leads to reduction in the problem of gender inequality in working sector. It can be said from the study that this scheme proves very helpful in job creation and improving the performance of the MSMEs. But it is also facing some challenges like lack of awareness, bankers' risk appetite, capacity building & support and monitoring etc. (Sahani & Raman, 2018). As the paper represents the overall results shows growing trend of the MUDRA in terms of loan beneficiaries and financial results year by year and when we consider the amount disbursed as per account opened under this scheme, this is also increasing year by year. But we cannot ignore the challenges in proper implementation of this scheme that needs to be considered. It can be seen from this study that its beneficiaries are concentrated in only in 10 states and it shows that there is more scope for the growth of MUDRA in rest part of the country. There is need for the proper awareness about it to the peoples. If it is properly implemented then it will help to boost the economy.

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