



Efficacy of pradhan mantri mudra yojana (PMMY) in achieving economic success: A ground zero reality test in Rajasthan

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Abstract

Financial Inclusion is one of the most treasured study in India. The primary point behind the monetary consideration is to cover the all segment of population under monetary administrations. The public authority of India (GOI) has presented a portion of the significant strides to "store the unfunded" miniature undertakings section. One of the activities taken by the Government of India (GOI) is Pradhan Mantri Mudra Yojana (PMMY) which assumes a significant part in making the progress of monetary incorporation. The thought behind the plan is to give the credit prerequisite to private company upto 10 lakh. This exploration paper incorporates the outline of PMMY, execution examination of the plan dependent on state, standing, and classification, SWOT investigation of the plan, and a few proposals.

Keywords: financial inclusion initiatives, pradhan mantri mudra yojna (PMMY), government of India (GOI), mudra bank

Introduction

PMMY is one of the most important studies to fight poverty and provide opportunities. Financial Inclusion is one of the most treasured studies in India. This plan introduced by the Governor of RBI Shri Y.V. Reddy in 2005. The government of India (GOI) has been introduced a number of financial inclusion initiatives such as (PMMY), Pradhan Mantri Jeevan Jyoti Beema Yojana (PMJJBY), Pradhan Mantri Jan Dhan Yojana (PMJDY), Atal Pension Yojana (APY), and Pradhan Mantri Suraksha Beema Yojana (PMSBY), etc. for the small businessman, weaker section, low-income groups, and micro-enterprises. PMMY was introduced by the Hon'ble Prime Minister Shri Narendra Modi on 8th April 2015.

Pradhan Mantri Mudra Yojana (PMMY)

PMMY was launched by the Hon'ble Prime Minister Shri Narendra Modi on 8th April 2015 along with the announcement of MUDRA bank. Accordingly, the Micro Units Development & Refinance Agency Ltd (MUDRA) is set up by the Government of India. Its aim is not only the funding the unfunded but also aims to increase the funding gap to micro-enterprises and help the existing micro units enhance their activities. GOI makes rules, regulations, and guidelines relating to PMMY, to all banks, and all MFIs. MUDRA is a Non-banking finance institution for supporting the micro-enterprises segment in the country. It provides refinance support to the banks or all MFIs for granting to micro-enterprises having loan necessities up to 10 lakhs. It facilitates refinance under the PMMY.

Beneficiaries of Scheme

Any Indian Citizen who has an income-generating plan from micro-business activities in trading, manufacturing, and processing and whose loan requirement is less than Rs.10 lakh

can approach for availing MUDRA loans under PMMY. The lending rate in this regard is issued by the Reserve Bank of India (RBI) from time to time. Non corporate small business sector (NCSBS) engaged in the service sector, micro-manufacturing units, fruits & vegetable vending, maintenance & repairing, handicraft making and operating food services, etc.

Mudra Bank

The Union Budget gave by the Hon'ble Finance Minister Shri Arun Jaitley, for F.Y. 2015-16, declared the formation of Micro Units Development and Refinance Agency or MUDRA Bank. It was registered as a Company in March 2015 as per the Companies Act, 2013. MUDRA Bank is also a Non-Banking Finance Institution or NBFI with the Reserve Bank of India on 07th April 2015. With the objective of "funding the unfunded" MUDRA had launched by the Hon'ble Prime Minister Shri Narendra Modi on 08th April 2015. MUDRA Bank is not a full-fledged bank but is a refinancing agency. It is a partner with banks, Micro Financial Institutions, and other lending institutions. MUDRA Bank is a major financial inclusion initiative in India to develop the Indian economy. MUDRA has been fundamentally shaped as a completely possessed auxiliary of Small Industries Development Bank of India or SIDBI with 100% capital being given by it. The authorized capital of MUDRA is 1000 crores & paid-up capital is 750 crore, subscribed by SIDBI.

Mudra: Role and Responsibilities

It will be responsible for developing, enhancing and refinancing all Micro-enterprises zone by supporting the Micro Finance Institutions which are engaged in the business of lending to micro / small business sector. MUDRA is shaped to accomplish the objective of "subsidizing the unfunded".

MUDRA provides refinance support. It manages the web portal for monitoring the PMMY data. It takes different obligations or exercises conceded to it. Despite refinance, MUDRA will also give a credit guarantee to the eligible loans provided as per the scheme of Pradhan Mantri Mudra Yojana.

Financial Inclusion and PMMY

Reserve Bank of India had set up a committee under Shri Deepak Mohanty, Executive Director to look at the medium-term path on financial inclusion. The committee formed under the guidance of Shri Deepak Mohanty discussed issues regarding credit and insurance to the financially excluded groups. Towards accomplishing full monetary consideration across credit and protection Government of India had dispatched Pradhan Mantri Mudra Yojana. . There is a critical necessity for improving the financial motor is MUDRA. Many entrepreneurs of micro-enterprises belong to the economically weaker section of society so that is why they are unable to access financial services. Subsidizing this unfunded segment of the general public is the primary point behind the development of Pradhan Mantri MUDRA Yojana (PMMY). It provides refinance and credit guarantee for the lenders who finance further in such types of activities. MUDRA grants loans such as micro-enterprises that engaged in the trading, manufacturing, and service sector for loan amounts up to Rs. 10lakh. Miniature endeavors build up a significant financial bit in our country.

Major Product Offerings

Under the plan of PMMY, MUDRA Bank has properly ordered the borrowers into three fragments: the starters, the mid-stage account searchers, and the following level development searchers. In the three segments, MUDRA Banks has launched three loan instruments.

Shishu provides up to Rs 50,000/-.

Kishor provides loans above Rs 50,000 to Rs 5 lakh.

Tarun provides loans above Rs 5 lakh to Rs 10 lakh.

The funding supports from MUDRA are of four types:

Micro Credit schemes

Miniature Credit Scheme is offered principally through Micro Finance Institutions (MFIs), which convey credit up to Rs.1 lakh, for different miniature venture exercises. Albeit the method of conveyance might be through gatherings like SHGs/JLGs, the credits are given to the people for explicit pay producing microenterprise action. The MFIs for profiting monetary help need to select with MUDRA by consenting to a portion of the prerequisites as informed by MUDRA, every now and then.

Refinance Schemes for Banks

Different banks like Commercial Banks, Regional Rural Banks, and Scheduled Cooperative Banks are eligible to avail of refinancing support from MUDRA for financing micro-enterprise activities. The refinance is available for term loans and working capital loans, up to an amount of 10 lakh per unit. The eligible banks, which have enrolled with MUDRA by complying with the requirements as notified, can avail of refinancing from MUDRA for the loan issued under Shishu,

Kishor, and Tarun categories.

Women Enterprise Programs

To empower ladies business people, the financing banks/MFIs may consider broadening extra offices, including revenue decrease on their credit. At present, MUDRA extends a reduction of 25bps in its interest rates to MFIs / NBFCs, which are providing loans to women entrepreneurs.

Securitization of loan Portfolio

MUDRA also supports Banks / NBFCs / MFIs for raising funds for financing micro-enterprises by participating in the securitization of their loan assets against micro-enterprise portfolio, by providing second loss default guarantee, for credit enhancement and also participating in the investment of Pass-Through Certificate (PTCs) either as Senior or Junior investor.

Review Literature

Some important examination considers center around experimental investigation on their particular regions: Mol S.TP (2014) has clarified that there are sure issues like monetary Illiteracy, absence of mindfulness, and client obtaining is high. Save Bank of India has started different activities to improved monetary consideration. Data and correspondence innovation offers the chance for the banks to upgrade monetary consideration for individuals who are unbanked. Mehar L (2014) has shown that monetary consideration has expanded in India over the most recent couple of years with numerous new advancements like versatile banking, tiny branches.

Need of the Study

The major problems faced by small businesses or micro-enterprises include lack of information, financial illiteracy, entry-level policies, high cost, lack of infrastructure, lack of financial access, and technology barriers. Hon'ble Finance Minister Shri Arun Jaitely has introduced in his budget speech in 2015-2016 that there are some 5.77 crores (NSSO survey data) small business units and micro-units, majorly sole proprietorship, which functioning small manufacturing, trading, or service businesses. 62% are held by the Scheduled Cast, Scheduled Tribe, and Other Backward Class. In these low-income groups, weaker section it is difficult to approach formal financial services and credit. The aforesaid review indicates the importance of micro-unit sectors and their financial requirement about credit. The government of India (GOI) has introduced some major steps to funding the unfunded micro-enterprises segment through a new financial inclusion initiative like Pradhan Mantri Mudra Yojana (PMMY).

Objectives of the Study

To know about the impact of PMMY on financial inclusion.
To highlight the PMMY concept, its current progress and performance in state of Rajasthan.

To assess the impact of the scheme in the state of Rajasthan.

Research methodology

Looking into requirements of the objectives the proposed research is based on secondary data which was collected through journals, articles, research papers and reports available at official website of MUDRA

Progress in India

During 2019-20, the total sanctions under PMMY have grown to ` 3.37 lakh crore, exceeding the target set at ` 3.25 lakh crore and profits 6.22 crore beneficiaries. The program likewise helped in stretching out monetary help to the more vulnerable segments of the general public, viz., SC/ST/OBC/ladies business visionaries, in enormous numbers. MUDRA keeps on giving renegotiate backing to Banks, NBFCs, and MFIs against their credits under the PMMY, subsequently stretching out subsidizing backing to this weak area... During FY 2019-20, MUDRA sanctioned `4,812 crores and disbursed ` 4,000 crores. FY 2019-20 has been a time of comprehensive financing with an emphasis on NBFCs and MFIs. All out Sanctions to NBFCs and MFIs expanded from ' 1,436 crores to 12 elements in FY 2018-19 to ' 2,389 crores to 38 substances in FY 2019-20. Taking MFIs alone, there is a growth in the outstanding by about 132% as of March 31, 2020 vis-à-vis the previous year. The coverage

of MFIs has increased during the year, taking the number of Borrowers in the segment to 35 as of March 31, 2020, from 23 as of the previous year-end. Similarly, the coverage in NBFCs increased to 12 as of March 31, 2020, from 10 as of the previous year-end. Income from activities expanded by 29%, from ' 860.93 crores in FY 2018-19 to ' 1,111.90 crores in FY 2019-20. The Net Profit to has increased from ` 33.48 crores in FY 2018-19 to ` 219.82 crores.

Current progress reports in India (2020-2021*) last updated on: 29/01/2021.

Table 1

No of sanction	Sanctioned Amount	Total
29940999*	196215.76*	186128.61*

Progress Made Under Pmmy in Rajasthan

Pradhan Mantri Mudra Yojana (PMMY) is performing well in the state of Rajasthan also. The performance and current progress of PMMY in Rajasthan State has been shown in Table.2 below

First Progress Report in Rajasthan State

Table 2

Shishu (Loans Up to RS. 50000)			Kishor (Loans Up rs.50000 - 5 Lakh)			Tarun Loans UP rs. 5 Lakh-10 Lakh)			Total		
No of sanction	Sanctioned amount	Disbursement amount	No of sanction	Sanctioned amount	Disbursement amount	No of sanction	Sanctioned amount	Disbursement amount	No of sanction	Sanctioned amount	Disbursement amount
1068001	2050.40	2004.32	68468	1601.20	1504.66	23350	1833.35	1739.30	1159819	5484.95	5248.28

Last progress report in Rajasthan (2019-20)

Table 3

Shishu (Loans UP To RS. 50000)			Kishor (Loans UP to RS. 50000 - 5 LAKH)			TARUN (Loans UP to RS. 5 Lakh - 10 Lakh)			Total		
No of sanction	Sanctioned amount	Disbursement amount	No of sanction	Sanctioned amount	Disbursement amount	No of sanction	Sanctioned amount	Disbursement amount	No of sanction	Sanctioned amount	Disbursement amount
2598195	8195.77	8155.91	295387	5475.74	5339.93	100952	5990.43	5870.25	2994534	19661.94	19366.09

Source: (<http://www.mudra.org.in/>). Disclaimer: Information is based upon the data as submitted by different banks. We can see the current progress in PMMY by comparing both the F.Y. 2015-16 and 2019-20. The above tables 2 & 2.1 shows product wise progress of MUDRA yojana in State Rajasthan.

Conclusion

This scheme will promote competition to give credit support to this weaker section, low-income group, and this unfunded population. Endeavors are expected to welcome more credit or advance endorsed. Monetary consideration through PMMY builds the chances for credit prerequisites and renegotiate. PMMY has yielded expected results. The introduction of the national plan PMMY with another type of financial inclusion initiatives, yield a valuable result. The PMMY conspire makes certain to take our country forward to the future and make India a more practical created country. It recognizes that due to the launch of this scheme financial inclusion has increased in a positive direction. The desired results achieved from this scheme. If it is implemented properly at poor people, it may

work as a game-changing financial inclusion initiative of the Government of India and may boost the Indian economy. So on the basis of the study, we can say that from time to time multifarious initiatives initiated by GOI in order to enhance financial inclusion.

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