



---

## Performance evaluations and impact of pradhan mantri mudra yojana (PMMY) in India

**Dr. Lakhan B Ingle**

Assistant Professor, Department of Economics, C. P. and Berar E. S. College, Mahal, Nagpur, Maharashtra, India

---

### Abstract

Pradhan Mantri Mudra Yojana (PMMY) under the Micro Units Development & Refinance Agency (MUDRA) Bank, is a new institution being set up by Government of India for development and refinancing activities relating to micro units. It was announced by the Finance Minister while presenting the Union Budget for Finance Year 2015-16. Purpose of MUDRA is to provide funding to the non-corporate small business sector. The government should measure the success or failure of its interventions including Mudra Yojana by the extent of reduction in informal employment, the rise in formal employment and the extent of mobility of firms to medium and large sizes. The paper throws light on SWOT and performance of (PMMY) Scheme in India. The analysis of different categories of schemes is done through trend forecasting. The analysis reveals that people are getting encouraged to develop entrepreneurship by taking initiative to start their own work. It reveals that performance of MUDRA yojana is successful under Shishu, Kishor and Tarun Categories.

**Keywords:** MUDRA, entrepreneurship, financial inclusion, informal sector, self-employment

---

### Introduction

MUDRA is Micro Units Development & Refinance Agency Ltd. This is a financial institution being set up by Government of India for development and refinancing work related to micro units. PMMY was introduced by the Hon'ble Prime Minister Shri Narendra Modi on 8<sup>th</sup> April, 2015 along with the introduction of MUDRA bank. It is also known as the Mudra loan scheme. The purpose of MUDRA is to provide funding to the non-corporate small business sector (NCSBS). The MUDRA bank will cater to 5.75 crores small business units that are spread all across India who currently find it difficult to access credit from the regular banking system. MUDRA Bank will partner with local coordinators and provide finance to "Last Mile Financiers" of small/micro businesses. It is envisaged that the measures to be taken up by MUDRA shall be targeted towards mainstreaming educated youth, skilled workers and entrepreneurs, apart from NCSBS, who lie between the large industrial credits seekers at one end and very poor small borrowers like low income households, farmers and migrant work force at the other end of financing spectrum. Thus, MUDRA bank hopes to facilitate financial inclusion of the missing middle, through refinance and development support for the benefit of micro, small and medium enterprises (MSME) or the NCSBS.

### Objectives of the Study

1. To Analysis the Category wise performance of Mudra Yojana in India.
2. To understand the MUDRA Yojana.
3. An attempt to find out the scheme offered by MUDRA under PMMY and their impacts on Indian small business owners and self employed people.

### Three types of loans under PMMY

**Shishu Loan:** This is for starter or small entrepreneur, under this scheme the lending amount will be Rs. 50,000. That means If anyone wants to start a small business then he/she will get a loan cover up to Rs. 50,000/-.

**Kishor Loan:** This scheme is meant for the mid-level business organizations. If you have set your business then you may receive a term loan from Rs. 50,000/- to Rs. 5 lakh from MUDRA for further expansion and growth.

**Tarun Loan:** This is the next level scheme and it for those business /manufacturing organizations who wish to have a large and better (automation) business setup. The loan provided in this scheme will cover a sum of rupees from Rs. 5 lakh to Rs. 10 lakh.

### Role and Responsibilities of MUDRA

MUDRA has been formed with the primary objective of developing the micro enterprise sector in the country by extending various supports including financial support in the form of refinancing, so as to achieve the goal of "funding the unfunded". The GOI Press release of 2 March 2015 has laid down the roles and responsibilities of

MUDRA. Subsequently, GOI has also decided that MUDRA will provide refinance support, monitor the PMMY data by managing the web portal, facilitate offering guarantees for loans granted under PMMY and take up other activities assigned to it from time to time.

### Literature Review

Sujoy Kumar Dhar (2014) <sup>[9]</sup> a part of the efforts, Government established incubation centers in IITs and IIMs to finance the venture of first generation entrepreneurs. It is always better to be an employer rather than becoming a dignified salaried employee provided the individual has the entrepreneurial zeal and adequate risk appetite. Rudrawar, M. A. A., & Uttarwar, V. R. (2016) <sup>[7]</sup> has concluded that the desired transformation can be achieved from PMMY scheme. If applied properly at the bottom level, it may act as a game changing idea and may increase, boost and prosper the Indian economy. It should include less documentation and easily accessible. In coming few years, MUDRA will be a catalyst for the development of employment, GDP and entrepreneurship at large. Roy, Anup Kumar (2016) <sup>[6]</sup> has displayed that the small businesses form the foundation of the economic strata needs to be enhanced and supported. A major number of initiatives have been taken in the past few years are a step in the right direction. Rudrawar & Uttarwar (2016) <sup>[7]</sup> studied the biggest obstacle for the development of micro and small enterprises was lack of financial assistance. Shahid & Irshad (2016) explored the importance of self-employed people and small business unit. This paper evaluated the product offering by MUDRA Bank and its performance in the state of Karnataka. Roy (2016) <sup>[6]</sup> introduced the small business contribution to nation GDP. This paper identified the importance of this sector and strategic tool for small business. Also reveals the role of MUDRA Bank towards small enterprises. Godha and Nama (2017) <sup>[4]</sup> studied the impact of PMMY on financial inclusion and its progress and performance in the state of Rajasthan. The study concluded that, due to launch of this scheme financial inclusion has increased towards positive directions. Kumar (2017) <sup>[5]</sup> throws a light on the performance of the small-scale sector. This sector contributes the traffic jam to the growth of the country. But it has very little financial support. This paper focused on to know about MUDRA Yojana.

### Research Methodology

The study is based on secondary sources of data or information. Different books, research papers news papers and relevant websites like MUDRA Yojana.

### Category wise Performance of PMMY

The overall Category wise Performance during 2015-16 is presented below in table 1

Table 1: PMMY – Overall Category wise Performance report 2015-16

Sr. No.	Category	Shishu		Kishore		Tarun		Total	
		No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt
1	General	14680840 (45.30)	28523.44 (45.98)	1458346 (70.46)	30286.31 (73.73)	340239 (82.90)	24948.65 (83.56)	16479425 (47.24)	83758.4 (62.99)
2	SC	5952482 (18.37)	10715.83 (17.27)	143357 (6.93)	2680.14 (6.52)	18898 (4.60)	1295.82 (4.34)	6114737 (17.53)	14691.79 (11.05)
3	ST	1606484 (4.95)	2982.88 (4.80)	62869 (3.03)	1179.43 (2.87)	8993 (2.19)	579.72 (1.94)	1678346 (4.81)	4742.03 (3.56)
4	OBC	10161240 (31.36)	19805.54 (31.93)	404889 (19.56)	6927.4 (16.86)	42287 (10.30)	3029.57 (10.14)	10608416 (30.41)	29762.51 (22.38)
5	Total	32401046 (100%)	62027.69 (100%)	2069461 (100%)	41073.28 (100%)	410417 (100%)	29853.76 (100%)	34880924 (100%)	132954.73 (100%)
	Out of Above								
6	Women Entrepreneurs	27103118 (83.64)	50640.02 (81.64)	473536 (22.88)	8675.43 (21.12)	51611 (12.57)	3874.98 (12.97)	27628265 (79.20)	63190.43 (47.52)
7	New Entrepreneurs / Accounts	11081122 (34.19)	20942.19 (33.76)	1191917 (57.59)	22991.63 (55.97)	201629 (49.12)	14974.26 (50.15)	12474668 (35.76)	58908.08 (44.30)

As can be seen in table 1, the total account opened and the amount disbursed under Shishu, Kishore and Tarun loan are shown category wise. Under Shishu Loan, 45.30% accounts were opened in general category and the amount disbursed was 45.98%. The accounts opened under the SC category were 18.37% and the amount disbursed is 17.27%. Under ST category the accounts opened were only 4.95% and the amount disbursed was 4.80%. In OBC category, the accounts opened were 31.36% and the amount disbursed was 31.93%. In Kishore Loan, the accounts opened and the amount disbursed in general category was 70.46% and 73.73%, in SC category 6.93% and 6.52%, in ST category, 3.03% and 2.87%, and OBC, 19.56% and 16.86%, respectively. In Tarun Loan, the accounts opened and the amount disbursed in general category was 82.90% and 83.56%, in SC category 4.60% and 4.34%, in ST category, 2.19% and 1.94%, and OBC, 10.30% and 10.14%, respectively.

The overall Category wise Performance during 2016-17 is presented below in table 2.

**Table 2: PMMY – Overall Category wise Performance report 2016-17**

Sr. No.	Category	Shishu		Kishore		Tarun		Total	
		No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt
1	General	14835512 (40.64)	34615.71 (41.26)	1896749 (71.21)	39135.12 (76.64)	468592 (86.81)	35281.49 (87.42)	17200853 (43.32)	109032.31 (62.19)
2	SC	6985508 (19.13)	15774.74 (18.80)	139982 (5.25)	2040.03 (3.99)	10134 (1.87)	709.32 (1.75)	7135624 (17.97)	18524.08 (10.56)
3	ST	1726857 (4.73)	3763.66 (4.48)	59987 (2.25)	954.25 (1.86)	5658 (1.04)	387.64 (0.96)	1792502 (4.51)	5105.55 (2.91)
4	OBC	12949936 (35.48)	29737.77 (35.44)	566784 (21.27)	8933.73 (17.49)	55348 (10.25)	3978.69 (9.85)	13572068 (34.18)	42650.19 (24.32)
5	Total	36497813 (100%)	83891.88 (100%)	2663502 (100%)	51063.12 (100%)	539732 (100%)	40357.13 (100%)	39701047 (100%)	175312.13 (100%)
	Out of Above								
6	Women Entrepreneurs	28472344 (78.01)	66185.86 (78.89)	624925 (23.46)	8733.38 (17.10)	49625 (9.19)	3330.54 (8.25)	29146894 (73.41)	78249.77 (44.63)
7	New Entrepreneurs / Accounts	8110486 (22.22)	18429.78 (21.96)	1586010 (59.54)	30001.99 (58.75)	292974 (54.28)	21542.19 (53.37)	9989470 (25.16)	69973.96 (39.91)

As can be seen in table 2, the total account opened and the amount disbursed under Shishu, Kishore and Tarun loan are shown category wise. Under Shishu Loan, 40.64% accounts were opened in general category and the amount disbursed was 41.26%. The accounts opened under the SC category were 19.13% and the amount disbursed is 18.80%. Under ST category the accounts opened were only 4.73% and the amount disbursed was 4.48%. In OBC category, the accounts opened were 35.48% and the amount disbursed was 35.44%. In Kishore Loan, the accounts opened and the amount disbursed in general category was 71.21% and 76.64%, in SC category 5.25% and 3.99%, in ST category, 2.25% and 1.86%, and OBC, 21.27% and 17.49%, respectively. In Tarun Loan, the accounts opened and the amount disbursed in general category was 86.81% and 87.42%, in SC category 1.87% and 1.75%, in ST category, 1.04% and 0.96%, and OBC, 10.25% and 9.85%, respectively.

The overall Category wise Performance during 2017-18 is presented below in table 3.

**Table 3: PMMY – Overall Category wise Performance report 2017-18**

Sr. No.	Category	Shishu		Kishore		Tarun		Total	
		No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt
1	General	17911238 (41.97)	46539.48 (44.65)	3283034 (70.54)	63885.28 (76.78)	712207 (88.26)	52325.68 (88.66)	21906479 (45.51)	162750.43 (66.04)
2	SC	8186001 (19.18)	19068.53 (18.29)	307214 (6.60)	3718.07 (4.46)	12946 (1.60)	897.61 (1.52)	8506161 (17.67)	23684.22 (9.61)
3	ST	2418131 (5.66)	5475.88 (5.25)	112795 (2.42)	1680.81 (2.02)	8381 (1.03)	549.76 (0.96)	2539307 (5.27)	7706.45 (3.12)
4	OBC	14154425 (33.17)	33144.16 (31.79)	950831 (20.43)	13912.94 (16.72)	73390 (9.09)	5239.2 (8.87)	15178646 (31.53)	52296.3 (21.22)
5	Total	42669795 (100%)	104228.05 (100%)	4653874 (100%)	83197.09 (100%)	806924 (100%)	59012.25 (100%)	48130593 (100%)	246437.4 (100%)
	Out of Above								
6	Women Entrepreneurs	32144132 (75.33)	78921.72 (75.72)	1335192 (28.68)	15749.53 (18.93)	78914 (9.77)	5499.3 (9.31)	33558238 (69.72)	100170.55 (40.64)
7	New Entrepreneurs / Accounts	10047673 (23.54)	22258.81 (21.35)	2105072 (45.23)	41754.36 (50.18)	406582 (50.38)	29643.44 (50.23)	12559327 (26.09)	93656.61 (38.00)

As can be seen in table 3, the total account opened and the amount disbursed under Shishu, Kishore and Tarun loan are shown category wise. Under Shishu Loan, 41.97% accounts were opened in general category and the amount disbursed was 44.65%. The accounts opened under the SC category were 19.18% and the amount disbursed is 18.29%. Under ST category the accounts opened were 5.66% and the amount disbursed was 5.25%. In OBC category, the accounts opened were 33.17% and the amount disbursed was 31.79%. In Kishore Loan, the accounts opened and the amount disbursed in general category was 70.54% and 76.78%, in SC category 6.60% and 4.46%, in ST category, 2.42% and 2.02%, and OBC, 20.43% and 16.72%, respectively. In Tarun

Loan, the accounts opened and the amount disbursed in general category was 88.26% and 88.66%, in SC category 1.60% and 1.52%, in ST category, 1.03% and 0.96%, and OBC, 9.09% and 8.87%, respectively.

**The overall Category wise Performance during 2018-19 is presented below in table 4.**

**Table 4:** PMMY – Overall Category wise Performance report 2018-19

Sr. No.	Category	Shishu		Kishore		Tarun		Total	
		No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt
1	General	25993019 (50.46)	73985.06 (52.97)	4439825 (67.20)	75818.02 (75.91)	1302379 (74.13)	63984.62 (88.50)	31735223 (55.00)	213787.7 (68.56)
2	SC	8767153 (17.02)	22556.66 (16.15)	552277 (8.36)	5069.8 (5.07)	133089 (7.57)	1362.91 (1.88)	9452519 (15.78)	28989.37 (9.29)
3	ST	3012074 (5.84)	7421.42 (5.31)	200315 (3.03)	2195.75 (2.19)	128940 (7.33)	973.1 (1.34)	3341329 (5.58)	10590.27 (3.39)
4	OBC	13735192 (26.66)	35688.4 (25.55)	1413592 (21.39)	16784.42 (16.80)	192463 (10.95)	5971.21 (8.25)	15341247 (25.62)	58444.04 (18.74)
5	Total	51507438 (100%)	139651.55 (100%)	6606009 (100%)	99868 (100%)	1756871 (100%)	72291.84 (100%)	59870318 (100%)	311811.38 (100%)
	Out of Above								
6	Women Entrepreneurs	33403579 (64.85)	93977 (67.29)	2875392 (43.52)	25666.77 (25.70)	783591 (44.60)	9509.46 (13.15)	37062562 (61.90)	129153.23 (41.42)
7	New Entrepreneurs / Accounts	10935180 (21.23)	28768.86 (20.60)	2016546 (30.52)	40195.47 (40.24)	442076 (25.16)	31961.25 (44.21)	13393802 (22.37)	100925.58 (32.36)

As can be seen in table 4, the total account opened and the amount disbursed under Shishu, Kishore and Tarun loan are shown category wise. Under Shishu Loan, 50.46% accounts were opened in general category and the amount disbursed was 52.97%. The accounts opened under the SC category were 17.02% and the amount disbursed is 16.15%. Under ST category the accounts opened were 5.84% and the amount disbursed was 5.31%. In OBC category, the accounts opened were 26.66% and the amount disbursed was 25.55%. In Kishore Loan, the accounts opened and the amount disbursed in general category was 67.20% and 75.91%, in SC category 8.36% and 5.07%, in ST category, 3.03% and 2.19%, and OBC, 21.39% and 16.80%, respectively. In Tarun Loan, the accounts opened and the amount disbursed in general category was 74.13% and 88.50%, in SC category 7.57% and 1.88%, in ST category, 7.33% and 1.34%, and OBC, 10.95% and 8.25%, respectively.

**Table 5:** Categories of MUDRA loans and beneficiaries 2019-20

Category	No. of Accounts	% of Accounts	Amount Disbursed (Ru. Crore)	% of Amount Disbursed
Shishu	54490617	(88%)	162813	(49%)
Kishore	6471873	(10%)	91427	(28%)
Tarun	1285116	(2%)	75475	(23%)
Total	62247606	(100%)	329715	(100)
Out of the above women	39103349	(63%)	142846	(43%)
New Entrepreneur Accounts	11913903	(19%)	94896	(29%)
SC/ST/OBC	29750100	(48%)	112029	(34%)

From the table 5, it can be seen that in terms of number of accounts opened and Disbursed amount during 2019-20, Under Shishu Loan, 88% accounts were opened and the amount disbursed was 49%. In Kishore Loan, 10% accounts were opened and the amount disbursed was 28% and in Tarun loan, only 2% accounts opened and the amount disbursed 23%. Similarly women also open the accounts in finance year 2019-20. The accounts opened women were 63% and the amount disbursed is 43%. New Entrepreneur the accounts opened 10% and the amount disbursed was 29%. SC/ST/OBC Category together accounts opened were 48% and the amount disbursed 34%.

### Impact of PMMY

Majority of people in India are poor and live in rural and interior part of the country. They deprived from the benefits of the formal banking system. Most of these people belong to scheduled castes, scheduled tribes and other backward classes. It is to be noted that most of the micro enterprises, retail or trading activity, are initiated or controlled by women, with no exposure to education, formal training or access to any form of banking support. The biggest problem faced by these small businesses is lack of financial assistance. So our Hon. Prime Minister launched MUDRA Yojana, under which MUDRA Bank will hugely benefit small manufacturing units and self-employed individuals in rural and urban area with financing requirement up to Rs.10 lakh. MUDRA

Bankis a step by the government that can be a game changer in giving birth to a new set of entrepreneurs, some of whom may scale heights not imagined today. Earlier government of India was giving subsidy to people, which may seem welcoming at first, but does little help to an individual to live better life. But MUDRA Bank provides hassle free credit in a flexible manner, at very reasonable interest rate as per RBI guidelines. MUDRA Yojana will create a new confidence in the small scale entrepreneurs and it will also boost young, educated or skilled workers to expand their activities. PMMY have positive impact on Indian economy, it will boosts employment, especially self-employment, which will enhance the overall GDP of the nation.

### **SWOT Analysis of PMMY**

The SWOT Analysis assesses the internal qualities and shortcomings and the external circumstances and danger in any organisation, project or situation (Sammut-Bonnici, Tanya & Galea, & David, 2015). The target of a SWOT investigation is to utilize the learning, an association has about its surroundings and to plan its technique as needs be.

#### **Strength**

- The MUDRA scheme is like a lender of last resort for the unorganized, informal and noncorporate small scale businesses.
- This scheme would help in generating more and more employment opportunity for the individual irrespective of their cast, religion and gender.
- It also provides easy loan with less interest rates and it also provides unsecured loans.
- This scheme not only provides monetary help but also boost morale of the individual as it encourages women entrepreneurs because loan is provided at very less interest rate.
- It is responsible for Growth in MSME is a also step towards “Make in India Project” as more domestic industries would leads to more production of indigenous product which compete in foreign market and create more foreign income which would improve the value of Rupees which determines the economic growth.

#### **Weaknesses**

- Still there is unawareness of this scheme amongst the Indian citizen.
- Interest rates differ from bank to bank.
- Tenure of returning back is also fixed by the government that is 36 months.
- There are various regulating bodies working on this yojana so lack of coordination exists.
- More emphasis on Shishu scheme under this yojana.

#### **Opportunities**

- These loans can also cater the personal needs of the individual for example - education loan.
- More awareness can be created through various sources.
- There can be equal distribution of funds in respect region.
- There can be more coordination between the financial institution and the governing bodies.
- This scheme can also help individual in smooth functioning of their businesses by teaching them or guiding them with proper techniques of businesses.

#### **Threats**

- Conflicts between various governing organizations.
- Various interest rates in different financial institution create a chaos in the mind of individual.
- This loan is not secured against any collateral so there is a chance of bad debts.
- There were various schemes as well as organizations which were working on the growth and development of rural and weaker sectors of society.

### **Conclusion**

The study concludes that PMMY has been a very fruitful initiative by government of India. There has always been a need of finance amongst small businesses, new start-ups, needy people, etc., which has been fulfilled by PMMY. A lot of states have been benefited by this scheme and have performed very well under the scheme. PMMY has increased the opportunity of credit requirement and refinance. PMMY has performed exceptionally well in the country and have given finance to a lot small businesses and needy people. The implementation of PMMY has been done properly; it might work as game changing financial inclusion by the government of India and may boost Indian economy.

### **References**

1. Aashka Shah, Asmita Mali. Impact of Pradhan Mantri MUDRA Yojana in India, Research Review International Journal of Multidisciplinary, 2019:04(04). ISSN: 2455-3085.
2. Alka Chaudhary. Micro Unit Development and Refinance Agency (MUDRA): Concept, Offerings and Impact, RET Academy for International Journals of Multidisciplinary Research (RAIJMR),2017:5(3).

3. Asha R Nair. Perception of Beneficiaries Towards Mudra Scheme With Special Reference To SBI Pandalam Branch, International Research Journal of Management Sociology & Humanities (IRJMSH),2018:9(9). www.irjmsh.com
4. Godha, Nama. “Pradhan Mantri Mudra Yojana: A New Financial Inclusion Initiative”, International Journal of Engineering Technology, Management and Applied Sciences,2017:5(3). ISSN 2349-44763.
5. Kumar S. Impact of Mudra Yojana on Financial Inclusion. 6th International Conference on Recent Trends in Engineering, Science & Management. Punjab, 2017.
6. Roy, Anup Kumar. “Mudra Yojana- A Strategic tool for Small Business Financing”, International Journal of Advance Research in Computer Science and Management Studies,2016:4(1):68-72.
7. Rudrawar AA, Uttarwar VR. An Evaluatory Study of MUDRA Scheme. International Journal of Multifaceted and Multilingual Studies,2016:3(5).
8. Shahid M, Irshad M. A Descriptive Study of Pradhan Manthri Mudra Yojana (PMMY). International Journal of Latest Trends in Engineering and Technology, 2016, 121-125.
9. Sujoy Kumar Dhar. Micro small and Medium Enterprises(MSMEs) in India its Scopes and Challenges, 2014.
10. Poornima V. A Study on Pradhan Manthri Mudra Yojana -Mudra Scheme, International Journal of Advance Research in Computer Science and Management Studies,2019:7(8):17-20.
11. Vikram K, Joshi. Appraisal of Pradhan Mantri Mudra Yojana (PMMY) – A Landmark Initiative for Financial Inclusion, International Journal of Applied Business and Economic Research,2017:15(16):71-83.
12. Vipul Bansal, Vibhuti Mittal, Dr. T.V. Raman. An Analysis of Performance and Impact of ‘Mudra Yojana’ On Small Enterprises, Entitled As Health-Education, Bureau, CASS Studies, (Comprehensive Advanced Specific Summarised Studies), New Delhi, 2019, 32-40.