

A STUDY ON CRITICAL ANALYSIS OF MUDRA YOJANA IN UTTARAKHAND

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ABSTRACT

Saving and investment are correlated. In this context Income generation plays a crucial role in developing countries like India. Creation of Employment opportunities and self employment are very important for Income generation. Hence, Role of micro finance to provide loans to start new business or small business cannot be neglected. It is found that most of the people borrow loans from unorganized sector. Financial inclusion through latest scheme would be instrumental to bring economic change. Therefore to provide loans and refinance the businesses, Mudra yojana is launched by the Government of India in 2015 for providing loans up to 10 lakh to the non-corporate, non-farm small/micro enterprises. These loans are classified as MUDRA loans under PMMY. The financial initiative taken in the form of MUDRA scheme will facilitate the micro units and will be able to provide credits and funds to develop their small businesses. However, initial stages showed significant interest but slowed with years. The paper throws light on performance of Scheme in India and also brings out the performance of the Mudra Yojana in Uttarakhand. The analysis of different categories of schemes are 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 Kishor and Tarun Categories whereas Shishu category has fallen because of which total disbursement has all also dropped it will be useful to devise the program that cater to need of the entrepreneurs .

Keywords: Investment, Financial inclusion, Entrepreneurship, Income generation, Self employment.

INTRODUCTION

Investment and savings play an instrumental role in the growth of the country. Capital formation accelerates the growth and development of the nation. Savings need to be generated and mobilized through investment. In this regard, role of Micro Finance cannot be overlooked.

Country like India where there high demographic dividend and regional disparity, Micro finance plays crucial role to achieve economic development. The objective is to assist the poor to work their way out of poverty. It covers a range of services which include, in addition to the provision of credit, many other services such as savings, insurance, money transfers, counseling etc. The players in the Micro Finance sector can be qualified as falling into 3 main groups: the SHG-Bank linkage model by NABARD, the NBFCs and the others including Trusts, Societies.

In this context, one of the latest policies of Prime Minister Narendra Modi is a spotlight on developing the Indian Economy. Mudra yojana was launched on April 8, 2015 for providing loans upto 10 lakh to the non-corporate, non-farm small/micro enterprises. These loans are classified as MUDRA loans under PMMY. The financial initiative taken in the form of MUDRA scheme will facilitate the micro units and will be able to provide credits and funds to develop their small businesses.



OBJECTIVES OF THE STUDY

- To evaluate the role of Mudra yojana in India
- To Analyse the performance of Mudra Yojana in Uttarakhand State.

METHODOLOGY

The data is collected from the secondary sources like newspapers, magazines various websites including website of MUDRA Yojana. Annual Report of MUDRA state wise performances for presentation in tables & its analysis.

STATISTICAL TOOLS AND TECHNIQUES

The collected data has been analyzed and interpreted by means of graphic presentation, through trend forecasting.

Scope of the study

The study brings out the performance of MUDRA Yojana In the state of uttarakhand and also reveals the effort of Government to make it more effective. It also throws light on the salient features of the scheme that had helped the young educated and skilled people to come up for entrepreneurial activities. The study will highlight the performance of the product which may help financial institutions to devise programs and products that are better tailored to meet their requirements considering the socio demographic, psychological and economic factors.

The study will be useful to devise new methods to reach the

The government launched a Micro Units Development and Refinance Agency (MUDRA) Bank, responsible for regulating and refinancing all Micro-finance Institutions (MFI) which provide loans to micro/small business entities engaged in manufacturing, trading and services activities. It was decided that MUDRA will examine the progress of PMMY. NABARD, The National Bank for Agriculture & Rural Development (NABARD) was also advised to closely monitor the progress of RRBs, as RRBs are under supervisory domain of NABARD.

According to the NSSO survey of 2013, there are 5.77 crore small business units, mostly individual proprietorships, which run small manufacturing, trading or services activities. Many of these 'own account enterprises' are owned by people belonging to Scheduled Caste, Scheduled Tribe or Other Backward Classes. whereas only 4% of such units get institutional finance. Provision of institutional finance to such micro/small business units will allow them to become instrument of GDP growth and also employment. Consequently, it was also decided that the MUDRA loans given by MFIs also needs to be captured as most of the MFIs are MUDRA partners. Accordingly, MFIN was given the responsibility for following up with the NBFC- MFI and getting their data on the portal. Similarly, Sa-Dhan was made responsible for collecting the data and on boarding the same for the non NBFC MFIs.

Mudra loan is provided for various purposes such as income generation and employment creation in Manufacturing, Services, Retail and Agri. Allied Activities.

The products would be covered under three categories that are as follows:

- Shishu : covering loans up to Rs. 50,000/-
- Kishor : covering loans above Rs. 50,000/- and up to Rs. 5 Lakh
- Tarun : covering loans above Rs. 5 Lakh and up to Rs. 10 Lakht

Moreover, it was decided that more focus will be given to the Shishu category. A target of ` 1,22,188 crore was set for F.Y. 2015-16.

In order to amplify the lending under PMMY, especially for Shishu category loans, a credit campaigning was also conducted from 1 September, 2015 to 2 October 2015. The campaign culminated in mega credit camps in various places in the country from 25th September 2015 to 2 October 2015. Moreover, awareness programme was carried out for a month long as a publicity campaign for MUDRA. The credit campaign resulted in lending to 22.50 lakh borrowers as against a target of 25 lakh borrowers and lent ` 4120 crore.

With all these efforts, the target set under PMMY for the year 2015-16 was surpassed by the end of the year. A brief performance is given below:

The data collected through portal has been analyzed and some of the salient features are as under:

1. Overall Performance

The overall performance of the Scheme shows that the target has been achieved during the year. As against the target of ` 122188 crore, the Banks and MFIs together have disbursed ` 132954.73 crore, thereby achieving 109%. A noteworthy credit growth have been achieved by public sector banks. it was found that the disbursement by these banks in this segment was around ` 33,000 crore during the 2014-15 as per the data collected from PSBs which has recorded a growth of 70% during 2015-16. Besides, other lending institutions have also achieved high credit growth in this segment due to the initiative of Pradhan Mantri MUDRA.

2. Regional Coverage

Region wise performance by banks (No. of accounts)

	NORTH	WEST	EAST	SOUTH	TOTAL
Shishu	2382453	1864905	1893789	2563432	8704579
Kishor	414020	331002	375376	852109	1972507
Tarun	120636	95641	60320	132814	409411
Total	2917109	2291548	2329485	3548355	11086497
% Share	26	21	21	32	100

Source : [https://www.mudra.org.in/.../Highlights%20of%20PMMY%20performance%](https://www.mudra.org.in/.../Highlights%20of%20PMMY%20performance%20)

North: Chandigarh, Haryana, HP, J&K, Delhi, UP, Uttarakhand, Punjab and Rajasthan

West: Dadra & Nagar Haveli, D&Diu, Gujarat, Lakshadweep, MP, Maharashtra

East: NE States, Odisha, WB, Sikkim, Bihar and Jharkhand

South: Karnataka, Kerala, Pudicherry, TN, Telangana, AP, and Andaman & Nicobar

The regional coverage of the programme showed that all the four regions had wide coverage, although there had been an edge for the Southern region. The other three regions were almost at par to each other.

The percentage of loan amount distributed under PMMY to Scheduled Castes(SC)Entrepreneurs in India was 11.05%, out of the total amount disbursed under PMMY of Rs. 132954.73crores in India as on 31.03.2016. The top 10 states in terms of the percentage of loan amount disbursed under PMMY to SC Entrepreneurs were: Punjab, Uttar Pradesh, Haryana, Tripura, Uttarakhand, West Bengal, Tamil Nadu, Bihar, Madhya Pradesh and Odisha as on 31.03.2016.

The percentage of loan amount disbursed under PMMY to SC Entrepreneurs in Punjab was 21.15%, out of the total amount disbursed under PMMY of Rs. 3484.49 crores in Punjab as on 31.03.2016.

The percentage of loan amount disbursed under PMMY to SC Entrepreneurs in Uttar Pradesh was 18.21%, out of the total amount disbursed under PMMY of Rs. 11880.93 crores in Uttar Pradesh as on 31.03.2016. The percentage of loan amount disbursed under PMMY to SC Entrepreneurs in Haryana was 18.16%, out of the total amount disbursed under PMMY of Rs. 3152.62 crores in Haryana as on 31.03.2016.

The percentage of loan amount disbursed under PMMY to SC Entrepreneurs in Tripura was 15.15%, out of the total amount disbursed under PMMY of Rs. 337.26 crores in Tripura as on 31.03.2016. The percentage of loan amount disbursed under PMMY to SC Entrepreneurs in Uttarakhand was 14.42%, out of the total amount disbursed under PMMY of Rs. 1745.08 crores in Uttarakhand as on 31.03.2016.

The percentage of loan amount disbursed under PMMY to SC Entrepreneurs in West Bengal was 14.02% (total amount Rs. 7740.41 crores). The percentage of loan amount disbursed under PMMY to SC Entrepreneurs in Tamil Nadu was 13.17% (total amount Rs. 15496.86 crores). The percentage of loan amount disbursed under PMMY to SC Entrepreneurs in Bihar was 13.02% (total amount Rs. 7265.91 crores). The percentage of loan amount disbursed under PMMY to SC Entrepreneurs in Madhya Pradesh was 12.61% (total amount Rs. 7769.29 crores). The percentage of loan amount disbursed under PMMY to SC Entrepreneurs in Odisha was 12.44% (total amount Rs. 5436.26 crores).

3. Performance of Individual banks in terms of disbursement of loan:

The State Bank of India with ` 12281.18 crore stands out among all the banks in lending under PMMY. It is followed by Canara Bank with ` 7506.64 crore and Punjab National Bank with ` 3593.42 crore. Among the Private Sector Banks, HDFC Bank with ` 5356.89 crore tops the list, followed by ` 3921.51 crore by ICICI Bank, ` 3594.64 crore by Indus Ind Bank, and ` 2229.17 crore by Axis Bank. As regards RRBs, Uttar Bihar Gramin Bank with ` 1350.90 crore had the highest lending under PMMY, followed by Karnataka Vikas Gramin Bank at ` 1070.05 crore and ` 1051.88 crore by Pragathi Krishna Gramin Bank at 1051.88 crore.

4. Financing for New entrepreneurs

MUDRA loan is meant for 'funding the unfunded'. It is available for both new units and expansion of existing units. The data of new entrepreneurs supported under PMMY, indicate that out of 3.49 crore accounts financed during the year, 1.25 crore accounts were for new entrepreneurs, which work out to 36%.

5. Financing of Women

To encourage Women entrepreneurs was one of the main aim of PMMY. The data indicate that 2.76 crores women were funded out of the total number of 3.48 crore accounts, which is 79%. MFIs contributed significantly for the financing women under PMMY.

6. Share of SC/ST/OBC

As per NSSO survey 2013, there were more than 60% of the micro enterprise units belonged to weaker sections. The data obtained under PMMY shows that 1.84 crore accounts financed by all the agencies under PMMY was for SC/ST/OBC categories, which is nearly 53% of the accounts financed.

7. Loans to Minority

The loans provided by Banks and MFIs under PMMY for minorities indicate that 40.88 lakh accounts were of minorities, which is nearly 12%.

8. Disbursement through MUDRA card

MUDRA Card is one of the innovative initiative during the year to take care of the frequent and flexible credit needs of small creditors. The card is issued as a Debit card on RuPay platform and can be used for drawl of funds and also repayment as and when there is surplus, so that the loan amount can be managed judiciously. The card was introduced during the year which was adopted by most of the PSBs, RRBs and a few Private Sector Banks too. The total number of card issued

during the year was at 5.17 lakh for an amount of ` 1476.96 cr. An amount of ` 1391.25 crore was withdrawn by the borrowers. The average amount of MUDRA card works out to ` 28567 per card.

PERFORMANCE OF MUDRA YOJANA IN UTTARAKHAND

A typically, the scheme provides and guarantees the benefits encompassing the following salient features:

- Micro Credit Scheme (MCS)
- A Refinance Scheme for Regional Rural Banks (RRBs) / Scheduled Co-operative Banks
- Mahila Uddyami Scheme
- Business Loan for Traders & Shopkeepers
- Missing Middle Credit Scheme
- Equipment Finance for Micro Units

Given below the performance of Mudra yojana in UTTARAKHAND Year wise:

As per the Report , in 2018-19 ,the Total number of sanction is 28387 which is higher than total number of sanction of 2017-18. It has recorded 254783 total sanction. It is also found that disbursement of Shishu loan is higher than Kishor and Tarun. In 2015-16 under Shishu Category 326802 were sanctioned and for Kishor and Tarun 27554 and 5651 respectively. In 2015-16, banks had sanctioned 3,60, 007 applications which fell down to 2.86,579 in 2016-17.

Pradhan Mantri MUDRA Yojana (2018-2019 Provisional) - Uttarakhand											
[Amount Rs. in Crore]											
Shishu (Loans up to Rs. 50,000)			Kishor (Loans from Rs. 50,001 to Rs. 5.00 Lakh)			Tarun (Loans from Rs. 5.00 to Rs. 10.00 Lakh)			Total		
No Of Sanctions	Sanctioned Amt	Disbursement Amt	No Of Sanctions	Sanctioned Amt	Disbursement Amt	No Of Sanctions	Sanctioned Amt	Disbursement Amt	No Of Sanctions	Sanctioned Amt	Disbursement Amt
21733	61.12	58.05	5305	121.46	108.82	1349	110.25	98.66	28387	292.82	265.53

Source: <http://www.mudra.org.in/PMMYReport>

Pradhan Mantri MUDRA Yojana (2017-2018) - Uttarakhand

[Amount Rs. in Crore]

Shishu (Loans up to Rs. 50,000)			Kishor (Loans from Rs. 50,001 to Rs. 5.00 Lakh)			Tarun (Loans from Rs. 5.00 to Rs. 10.00 Lakh)			Total		
No Of Sancti ons	Sanctio ned Amt	Disburse ment Amt	No Of Sancti ons	Sanctio ned Amt	Disburse ment Amt	No Of Sancti ons	Sanctio ned Amt	Disburse ment Amt	No Of Sancti ons	Sanctio ned Amt	Disburse ment Amt
18860 4	572.65	559.58	55269	1149.70	1101.81	10910	850.87	818.69	25478 3	2573.22	2480.09

Source: <http://www.mudra.org.in/PMMYReport>

Pradhan Mantri MUDRA Yojana (2016-2017) - Uttarakhand

[Amount Rs. in Crore]

Shishu (Loans up to Rs. 50,000)			Kishor (Loans from Rs. 50,001 to Rs. 5.00 Lakh)			Tarun (Loans from Rs. 5.00 to Rs. 10.00 Lakh)			Total		
No Of Sancti ons	Sanctio ned Amt	Disburse ment Amt	No Of Sancti ons	Sanctio ned Amt	Disburse ment Amt	No Of Sancti ons	Sanctio ned Amt	Disburse ment Amt	No Of Sancti ons	Sanctio ned Amt	Disburse ment Amt
24634 1	632.54	622.27	33075	766.04	735.81	7163	575.54	555.79	28657 9	1974.12	1913.88

Source: <http://www.mudra.org.in/PMMYReport>

Pradhan Mantri MUDRA Yojana (2015-2016) - Uttarakhand

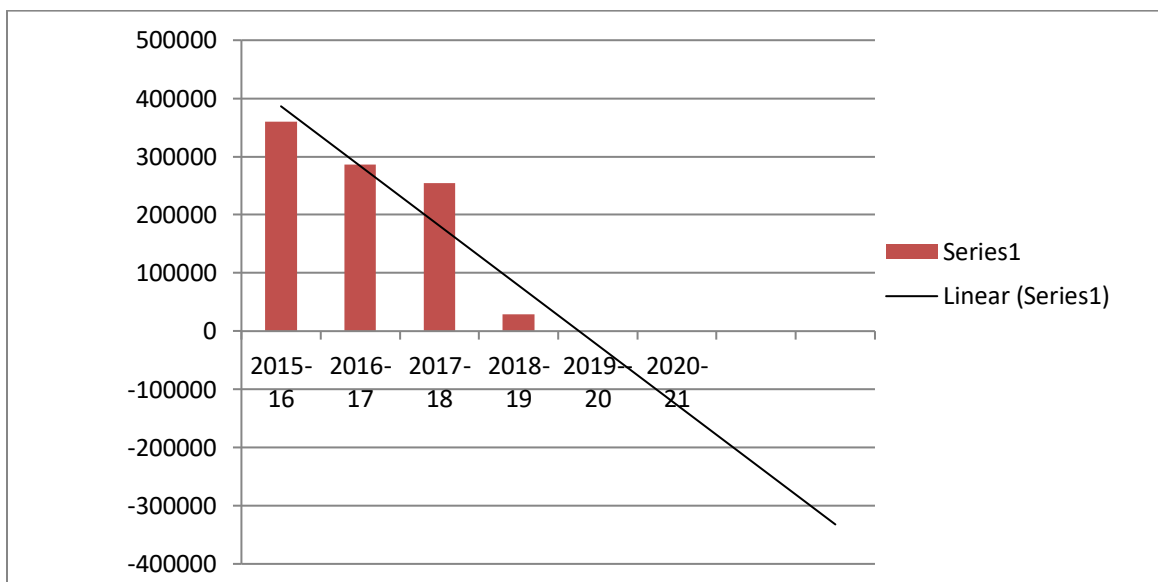
[Amount Rs. in Crore]

Shishu (Loans up to Rs. 50,000)			Kishor (Loans from Rs. 50,001 to Rs. 5.00 Lakh)			Tarun (Loans from Rs. 5.00 to Rs. 10.00 Lakh)			Total		
No Of Sanctions	Sanctioned Amt	Disbursement Amt	No Of Sanctions	Sanctioned Amt	Disbursement Amt	No Of Sanctions	Sanctioned Amt	Disbursement Amt	No Of Sanctions	Sanctioned Amt	Disbursement Amt
326802	695.27	688.99	27554	651.97	632.07	5651	441.15	424.02	360007	1788.39	1745.08

Source: <http://www.mudra.org.in/PMMYReport>

Trend Analysis of Performance of MUDRA scheme in Uttarakhand

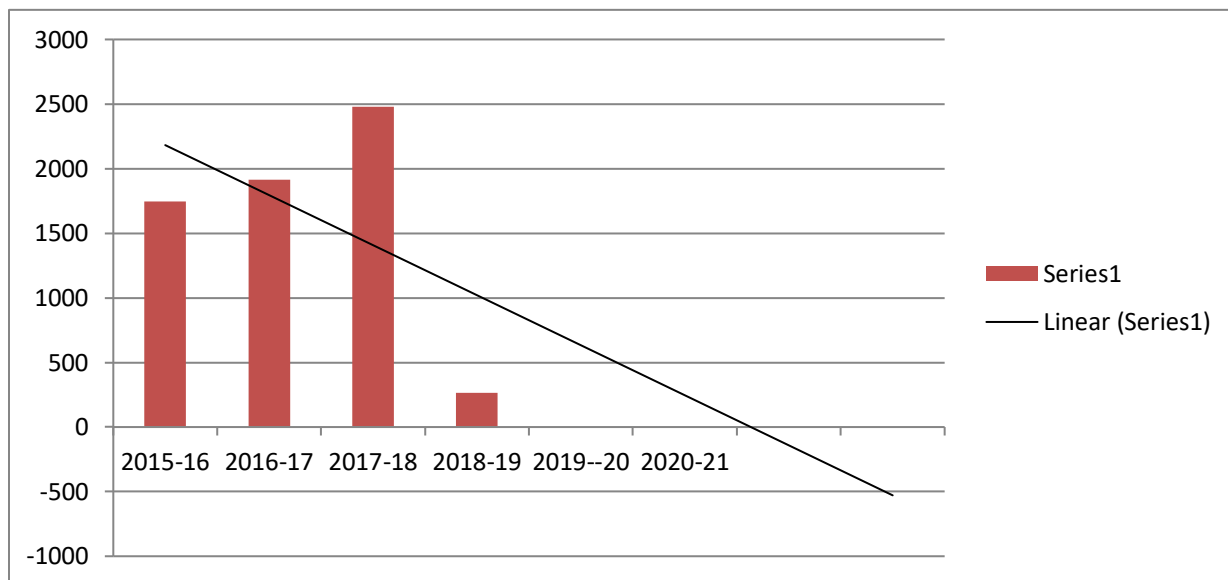
Figure 2: GRAPHICAL REPRESENTATION OF TREND ANALYSIS OF TOTAL NUMBER OF SANCTIONED IN THE UTTARAKHAND IN THE GIVEN YEARS



Source: Primary Source

The above analysis depicts that Mudra scheme was started with vigour but has slowed down with the years it is found that total number of sanctions have dropped in Uttarakhand and trend forecasting also reveal that it will go down further in years to come . it shows that in 2015 -16 the total number of sanction was 3,60, 007 and in current financial year provisional sanction is 28387. Subsequently it shows that there are chance of falling down of number of sanctioned for MUDRA loan in 2019-2020 and 2020-21

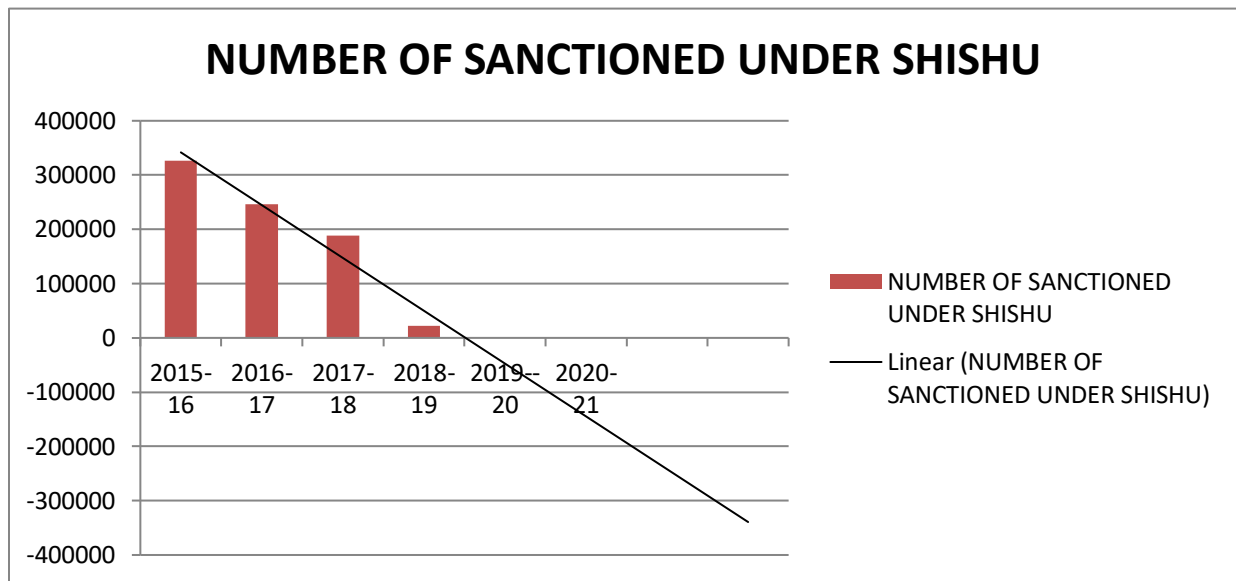
Figure 2.1: GRAPHICAL REPRESENTATION OF TREND ANALYSIS OF TOTAL DISBURSEMENT AMOUNT IN THE UTTARAKHAND IN THE GIVEN YEARS



Source: Primary

The above given graph represents trend forecasting of amount disbursed in Uttarakhand since 2015-16 It reveals with the drop in the number of sanctioned application there is a fall in disbursement of amount in the state . Though government of Uttarakhand is taking various steps to enhance the awareness among the masses. There is a trend forecast that it will go down in 2019-20 as well.

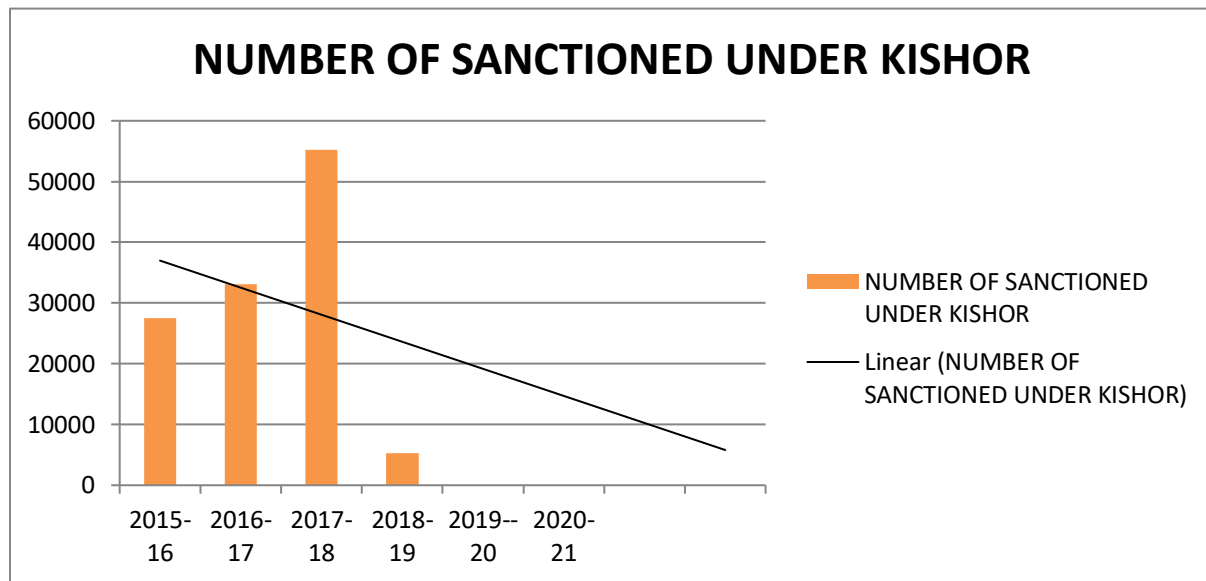
Figure 2.2: GRAPHICAL REPRESENTATION OF TREND ANALYSIS OF NUMBER OF SANCTIONED UNDER SHISHU CATEGORY IN UTTARAKHAND IN THE GIVEN YEARS



Source: Primary

The above given graph represents trend forecasting of number of sanctioned application under Shishu category i.e less than Rs 50,000 in Uttarakhand since 2015-16 .The slope is negative at an increasing rate It reveals there is a drop in the number of sanctioned application in the state . data used for 2018-19 is provisional .There is a trend forecast that it will go down in 2019-20 as well. This shows that performance of mudra yojana in uttarakhand has slowed which has various reasons. Though government of Uttarakhand is taking various steps to enhance the awareness among the masses.

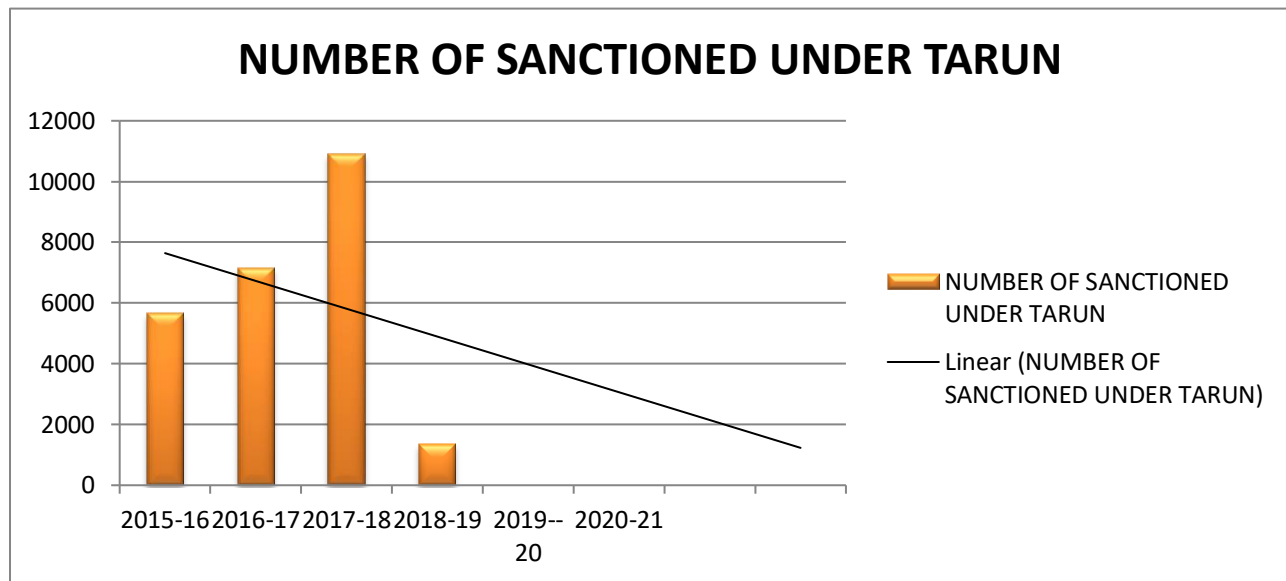
Figure 2.2: GRAPHICAL REPRESENTATION OF TREND ANALYSIS OF NUMBER OF SANCTIONED UNDER KISHOR CATEGORY IN UTTARAKHAND IN THE GIVEN YEARS



Source: Primary

The above given graph represents trend forecasting of number of sanctioned application under KISHOR category i.e 50,000- less than 5 lakh in Uttarakhand since 2015-16. The slope is negative due to provisional data of current year 2018-19 otherwise it reveals that it has increased in the given years .People are getting encouraged to take loan under kishor category. However. There is a trend forecast that slope is not downward negatively and there are chances of increasing in 2019-20. Government of Uttarakhand is taking various steps to enhance the awareness among the masses and to equip people to enhance entrepreneurship.

Figure 2.3: GRAPHICAL REPRESENTATION OF TREND ANALYSIS OF NUMBER OF SANCTIONED UNDER TARUN CATEGORY IN UTTARAKHAND IN THE GIVEN YEARS



Source: Primary

The above given graph represents trend forecasting of number of sanctioned application under TARUN category i.e 5 -10 lakh in Uttarakhand since 2015-16 .The slope is negative due to provisional data of current year 2018-19 otherwise it reveals that it has increased in the given years .People are getting encouraged to take loan under Tarun category. However. There is a trend forecast that slope is not downward negatively and there are chances of increasing in 2019-20. Government of Uttarakhand is taking various steps to enhance the awareness among the masses and to equip people to enhance entrepreneurship.

The above trend analysis shows 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 Kishor and Tarun Categories whereas Shishu category has fallen because of which total disbursement has all also dropped Mudra loan is extended for a variety of purposes which provides income generation and employment creation in Manufacturing, Services, Retail and Agri. Allied Activities.

Steps taken by Uttarakhand for Effective implementation of MUDRA Yojana.

The above analysis reveal that small loans are getting smaller .There is drop in disbursement as a result of lower number of sanctioned application. It indicates that entrepreneurs are not willing to take risks or new loans

Demonetisation and GST has also affected the market which has led to Slow entrepreneurial activity.

In this regard uttarakhand government consistently organizing a camp to strengthen the central government's flagship PMMY which aims to provide loans upto Rs 10 lakh to entrepreneurs involved in the micro enterprises sector.

Besides Instructions are given to all district heads and bankers to hold series of outreach programmes to create awareness about the scheme with a special focus on women start-up owners and young entrepreneurs. The main idea is to fund those with a financially viable business model.

CONCLUSION

Government initiatives to encourage young and educated entrepreneurs is an useful tool in Job creation. It not only meant to provide employment opportunities but also plays a vital role in women empowerment . it helps the women to become self reliant and help t underprivileged class to self employed . Therefore Mudra Yojana should be implemented effectively in all the states. In this context Financial awareness programme should be conducted regularly and should reach the ground level. However, the initiave under PPMY is indeed a game changer.

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