

Performance Analysis of Pradhan Mantri Mudra Yojana (PMMY) in India

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ABSTRACT:

Micro Small Medium Enterprises (MSMEs) are playing significant role for the economic foundation of India. MSME's are having large share in industry units. The major barrier for the growth of the MSME's in India is lack of financial assistance from the banks and financial institutions. This sector is the fastest growing sector of the country still majority of this segment does not get outside sources of finance. Thus, Government of India (GOI) launched the a new scheme said Micro Units Development and Refinance Agency Ltd. (MUDRA) on 8th April 2015 which aims to provide financial assistance to MSME's. The scheme focuses on 'Fund the unfunded'.

This paper aims to analyse the MUDRA Bank and its products and schemes, performance of Pradhan Mantri Mudra Yojana (PMMY) in respect of lending small businesses and entrepreneurs in India.

Key Words: MSME's, MUDRA Bank, PMMY, Government of India (GOI)

INTRODUCTION:

Pradhan Mantri MUDRA Yojana (PMMY) a scheme has launched by Government of India on April 8, 2015. PMMY is providing loans up to Rs. Ten lakh to MSME's. Under PMMY, all banks like Public Sector banks, Private Sector Banks, State Co-operative Banks, Urban Co-operative Banks, Regional Rural Banks (RRBs), Foreign Banks and Non Banking Finance Companies / Micro Finance Institutions are required to provide loans up to Rs. 10 lakh to MSME's. These loans are classified as MUDRA loans under PMMY.

Micro Units Development and Refinance Agency Ltd (MUDRA) Bank has launched by Government of India with a corpus fund of Rs 20,000 crore and a credit guarantee corpus of Rs 3,000 crore. Mudra Bank is for “funding the unfunded”. This will provide credit up to ten lakh to small businesses and entrepreneurs and act as a regulator for Micro Finance Institutions (MFIs). It will also refinance to MFIs under Pradhan Mantri Mudra Yojana. The main aims of Mudra Bank are to encourage entrepreneurs and small business units to develop their capabilities and operations to reduce over indebtedness and to provide proper system of credit. MUDRA bank provides refinance to all banks looking for refinancing to small business to whom loans given under PMMY. Hence, MUDRA Bank refinances all Last Mile Financiers , NBFCs of various types engaged in financing of small business, Societies, Trusts, Co-operative Societies, Small Banks, Scheduled Commercial Banks and Regional Rural Banks - which are in the business of lending to Micro Small Medium Enterprises engaged in manufacturing, trading and services activities.

Objectives of the Research Paper:

The following are objectives of the study:

1. To understand the concept of PMMY.
2. To study the products & schemes offered by MUDRA Bank.
3. To study the performance of PMMY in India.

Research Methodology used in present research:

For the purpose of the present research, secondary data has been used. For secondary data, books, research journals related to MUDRA Bank, PMMY etc. are used

Statistical Tools:

Percentile method was used as a statistical method for the purpose of analysis.

What is MUDRA Yojana?

Indian Government was announced Pradhan Mantri Mudra Yojana (PMMY) in the Union Budget for financial year 2016 for growth and refinancing activities relating to micro units. The objective of MUDRA bank is to provide financial support to the non corporate small business sector which is currently engaged in a wide range of economic activities like manufacturing, trading, retail, service etc.

Government of India was launched Pradhan Mantri Mudra Yojana (PMMY) on 8th April 2015 and since then an amount of 3.18 lakh crore has been sanctioned under the this programme, nearly 7.46 crore loan accounts benefiting in the first two years of the programme.

MUDRA Offerings/ Products:

MUDRA has made its initial products or offerings, under the Pradhan Mantri MUDRA Yojana. The interventions have been named 'Shishu', 'Kishor' and 'Tarun' to show the stage of growth or development and funding needs of the beneficiary micro business and entrepreneur and also provide an indication spot for the next stage of growth to look forward to:

- 1) **Shishu** : loans upto 50,000/-
- 2) **Kishor** : loans above 50,000/- and upto 5 lakh
- 3) **Tarun** : loans above 5 lakh and upto 10 lakh

It would be ensures that minimum 60% of the loans given to Shishu Category Units and the remaining to Kishor and Tarun Categories.

Within the structure and overall objective of development and growth of Shishu, Kishor and Tarun Units, the products being offered by MUDRA at the rollout stage have been designed to meet requirements of different business activities as well as business or entrepreneur sectors.

Following are brief particulars as under:

- a) Sector / activity specific schemes
- b) Micro Credit Scheme (MCS)
- c) Refinance Scheme for Regional Rural Banks (RRBs) / Scheduled Co-operative Banks
- d) Mahila Uddyami Scheme
- e) Business Loan for Traders & Shopkeepers
- f) Missing Middle Credit Scheme
- g) Equipment Finance for Micro Units

Performance of PMMY in India:

- 1) **Agency-Wise Performance:**

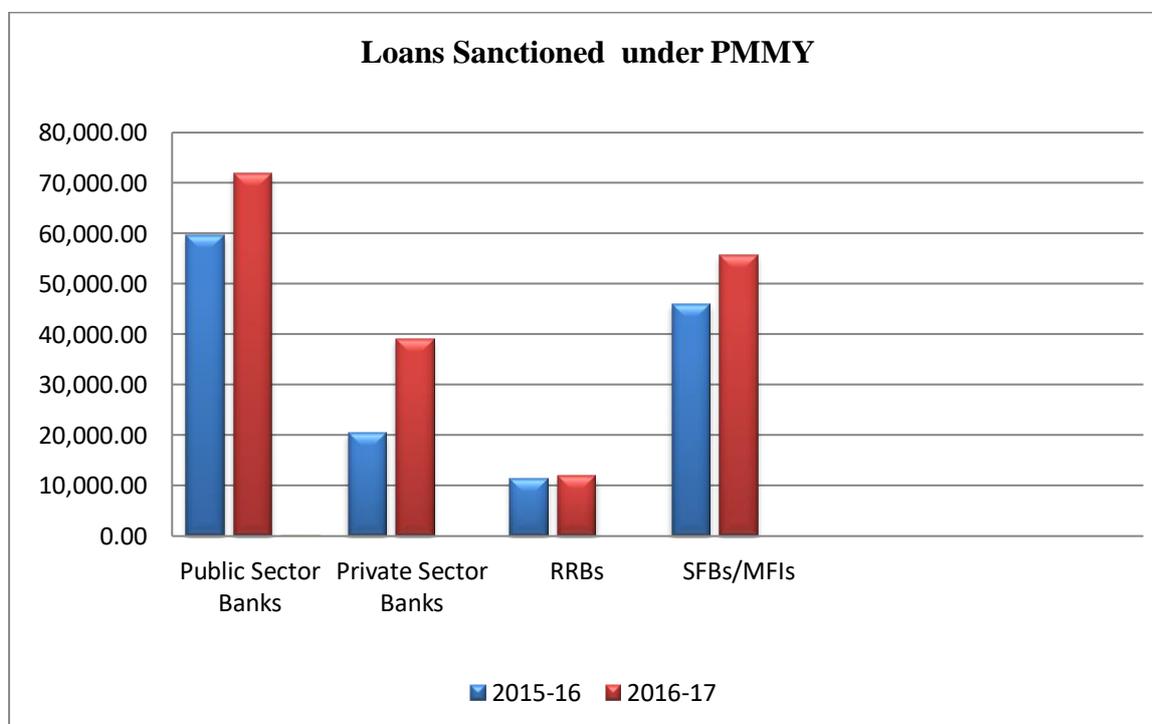
(Rs. in Crore)

Agency	Target for 2016-2017	Loan Sanction for 2016-2017		Loan Sanction for 2015-2016		Growth (%)
		Amount	%	Amount	%	
Public Sector Banks #	77,700	71,953.67	40	59,674.28	43	21
Private Sector Banks \$	21,000	39,042.60	21	20,445.74	15	91
RRBs	15,000	12,009.52	7	11,324.47	8	6
SFBs/MFIs@	66,300	55,657.01	31	46,004.78	34	21
NBFCs ® *	*	1,865.74	1	*	-	-
Total	1,80,000	1,80,528.54	100	1,37,449.27	100	31

Source: www.mudra.org.in

- including SBI and its associates, \$ - including Foreign Banks, @ - Includes SFBs, NBFC-MFIs, Non-NBFC-MFIs, ® - Newly inducted into the programme; *target not given

Loans Sanctioned by different categories of Bank for the FY 2015-16 and 2016-17



The above data shows that 31% growth in the overall performance in loan sanction by all the financial institutions under PMMY. The growth in respect sanctioned loan amount by Public Sector Banks and MFIs/SFBs remained at 21%, the same increased significantly by 91% for Private Sector Banks. The private sector banks performed very well with a sanction loan amount of Rs. 39,042.60 crore during the year 2016-17, recording 91% growth. The growth of RRBs was 6%.

2) Region wise distribution of PMMY

The states were divided into four regions based on their geography and the distribution of loan sanctioned under PMMY during the year 2016-17 is given below:

(Rs. in Crore)

Region	SHISHU		KISHOR		TARUN		TOTAL	
	No. of accounts	Amount sanctioned	No. of accounts	Amount sanctioned	No. of accounts	Amount sanctioned	No. of accounts	Amount sanctioned
North	58,45,356	13,631.56	6,50,874	14,726.99	1,71,501	13,526.32	66,67,731 (17)	41,884.86 (23)
East and north east	1,39,06,283	33,271.15	4,44,128	9,504.75	87,452	6,989.81	1,44,37,863 (36)	49,765.69 (28)
South	1,01,90,459	23,224.70	10,94,966	18,592.11	1,44,719	11,059.83	1,14,30,144 (29)	52,876.65 (29)
West	65,55,715	14,973.34	4,73,534	10,721.31	1,36,060	10,306.69	71,65,309 (18)	36,001.35 (20)
Total	3,64,97,813	85,100.75	26,63,502	53,545.14	5,39,732	41,882.66	3,97,01,047	1,80,528.54
Share to total (%)	91.93	47.14	6.71	29.66	1.36	23.20	100.00	100.00

Source: www.mudra.org.in

The classification of the states for the purpose of dividing the states under PMMY is as follows:

East & North East: Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Odisha, West Bengal, Bihar, Jharkhand, Chhattisgarh

West: Dadra & Nagar Haveli, Daman & Diu, Gujarat, Goa, Madhya Pradesh, Maharashtra

South: Karnataka, Kerala, Puducherry, Tamil Nadu, Telangana, Andhra Pradesh, Andaman & Nicobar, Lakshadweep

North: Chandigarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Delhi, Uttar Pradesh, Uttarakhand, Punjab and Rajasthan

Above analysis shows that East & North East region topped in terms of number of loan accounts with almost 1/3rd (36%) of the total number of loan accounts sanctioned, but their share in terms of loan amount sanctioned is only 28%, which is equivalent to Southern region. North and West regions have almost the same share of number of loan accounts and the loan amount sanctioned. The Southern region has 28% and 29% in terms of loan accounts and loan amount sanctioned during the year 2016-17.

3) Category -wise analysis of PMMY scheme:

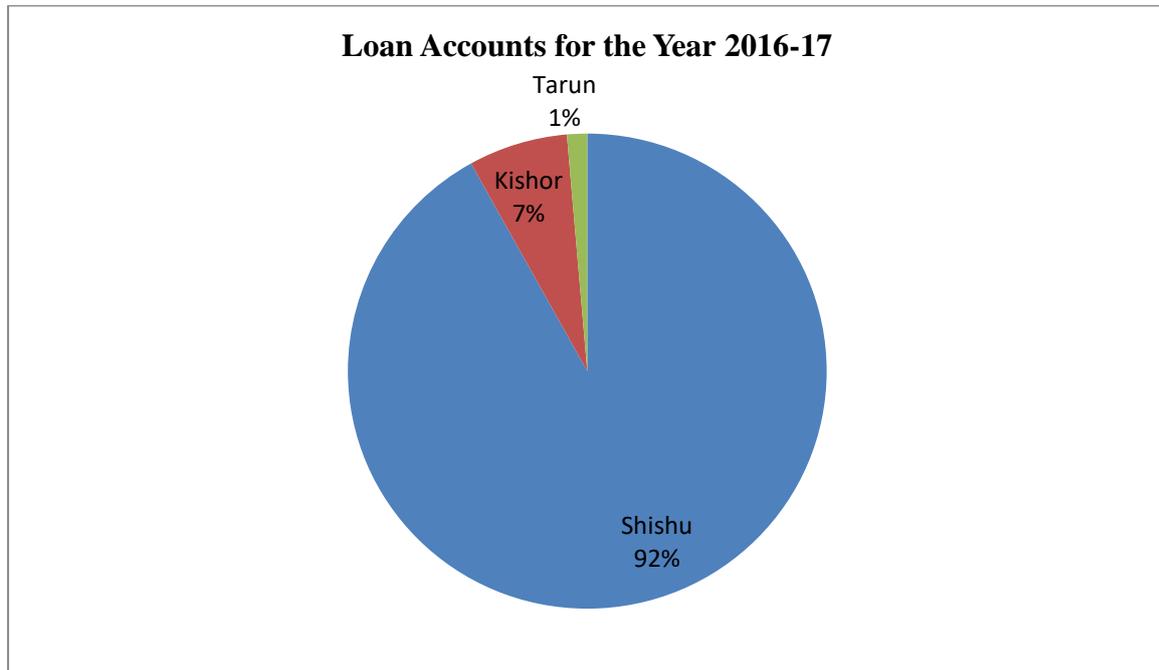
Mudra loans are extended in three categories based on the size of the loans. They are Shishu, Kishor and Tarun. The share of these three categories of PMMY was analyzed and is given below in the table:

(Rs. in crore)

Category	No. of loan accounts for FY 2016-17	Loan sanctioned 2016-17	Loan sanctioned 2015-16	% change	Share 2015-16	Share 2016-17
Shishu	3,64,97,813 (92)	85,100.74	62,894.96	35.31%	45.76%	47.14%
Kishor	26,63,502 (7)	53,545.14	43,052.55	24.37%	31.32%	29.66%
Tarun	5,39,732 (1)	41,882.66	31,501.76	32.95%	22.92%	23.20%
TOTAL	3,97,01,047 (100)	1,80,528.54	1,37,449.27	31.34%	100.00%	100.00%

Source: www.mudra.org.in

Number of accounts for the year 2016-17



Above analysis shows that Shishu loans has the highest share in terms of number of accounts and which is followed by Kishor and Tarun. The share of Kishor loans fell by 1.66% in financial year 2016-17 compared to 2015-16. In contrast, the share of Shishu and Tarun loans went up marginally in FY 2016-17, as compared to FY 2015-16.

4) Assistance to less privileged sections:

The share of sub categories of borrowers like SC, ST, OBC, Women and Minorities under the different schemes of PMMY was analyzed and is given below. Further, the share of new loan accounts sanctioned under programme during FY 2016-17 is also given in the following table:

Sub-categories of borrowers (2016-17)

Category	SHISHU		KISHOR		TARUN		TOTAL	
	No. of Accounts	Amount sanctioned	No. of accounts (in lakh)	Amount sanctioned	No. of Accounts	Amount sanctioned	No. of Accounts	Amount sanctioned

	(in lakh)				(in lakh)		(in lakh)	
General	148.35	35,163.69	18.97	40,820.62	4.690	36,600.85	172.01 (43.33)	1,12,585.16 (62.36)
SC	69.86	15,976.20	1.40	2,170.84	0.100	750.79	71.36 (17.97)	18,897.83 (10.47)
ST	17.27	3,831.23	0.60	1,030.01	0.060	411.50	17.92 (4.51)	5,272.74 (2.92)
OBC	129.50	30,129.63	5.66	9,523.67	0.550	4119.52	135.72 (34.19)	43,772.82 (24.25)
Total	364.98	85,100.75	26.63	53,545.14	5.400	41,882.66	397.01 (100)	1,80,528.54
Of the above:								
Women	284.72	66,997.91	6.25	9,541.63	0.5	3,750.13	291.47 (73.42)	80,289.68 (44.47)
Minority	47.87	11341	3.24	5691	0.44	3244	51.54 (12.98)	20,276.07 (11.23)
New loan accounts	81.1	18,720.64	15.86	31,757.94	2.93	2,2481.56	99.89 (25.16)	72,960.14 (40.41)

Source: www.mudra.org.in

The participation of the weaker sections of the society in the PMMY programme is at 57%, in terms of loan accounts, and 38% in terms of loan amount sanctioned. The share of SC, ST and OBC categories are 18%, 5% and 34%, respectively, in terms of the loan accounts sanctioned. Here again, the major portion of their share belongs to Shishu category.

The participation of women is very high under PMMY during year 2016-17 also with 73% of the loan accounts and 44% of loan amount sanctioned being the share of women borrowers. The share of women in the Shishu category is at 78%, in terms of number of accounts under Shishu, and it formed 98% of the loan accounts of women borrowers. This is mainly due to the high share of MFIs in Shishu loans, where women are the major beneficiaries of micro finance loan. The corresponding percentage of MUDRA loan account of women is slightly higher at 79% during year 2015-16.

5) Average loan size:

The average size of the loans extended under MUDRA in different categories of loan is given below:

Category	Amount sanctioned (Rs. in crore)		No. of loan accounts		Average loan size (Amount in Rs.)		Change (%)
	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	
Shishu	62,894.96	85,100.74	3,24,01,046	3,64,97,813	19,411.40	23,316.67	20.12
Kishor	43,052.55	53,545.14	20,69,461	26,63,502	2,08,037.50	2,01,032.85	-3.37
Tarun	31,501.76	41,882.66	4,10,417	5,39,732	7,67,554.95	7,75,989.94	1.10
TOTAL	1,37,449.27	1,80,528.54	3,48,80,924	3,97,01,047	39,405.28	45,471.98	15.40

Source: www.mudra.org.in

The average loan size under PMMY during 2016-17 increased to Rs.45, 471.98 as against Rs.39, 405.28 crore (i.e. 15.40%) in the previous year. Similarly, the average loan size under Shishu category at Rs. 23,317 has been higher than that of Rs.19, 411 (i.e. 20.12%) in the previous year. There is little change in the average loan size under Kishor and Tarun in year 2016-17 with respect to 2015-16.

Conclusion:

Small businesses units are foundation of the economic development needs to be strengthened and supported. A huge number of schemes have been taken in the past few years are a step in the right direction. Pradhan Mantri Mudra Yojana is the one of them. Pradhan Mantri Mudra Yojana (PMMY) continues to be a major initiative of the Government providing credit to millions of unfunded micro business units in the country. The programme has benefited 7.42 crore loan accounts with a sanction of nearly Rs.3.17 lakh crore in the last two years. It has also resulted in benefiting about 2.25 crore new loan accounts or entrepreneurs, thereby providing employment to a large number of people across the country.

The total sanctions and disbursements under PMMY by banks and MFIs, during 2016-17 stood at Rs. 1, 80,528.54 crore and Rs.1, 75,312.13 crore respectively, thereby achieving 100% of the target of Rs.1, 80,000 crore set by the Government.

PMMY is found very effective in its early stages across the country. This will definitely make a remarkable change and will help in building a developed India

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