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Performance of the Pradhan Mantri Mudra Yojana Scheme (PMMY)



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ARTICLE INFO	ABSTRACT
<p>Received: 25-07-2023 Received in revised form: 12-09-2023 Accepted: 14-09-2023 Available online: 30-09-2023</p> <hr/> <p>Keywords: Financial Inclusion; Mudra; Loan Disbursement; MSME.</p>	<p>Micro Small Medium Enterprises (MSME) are considered pillars of the Indian economy due to their considerable contribution to the economy, exports, and employment generation. Today most jobs in the country are created by MSMEs and they contribute significantly to the growth of an economy. While MSMEs occupies an important place in India still majority of them are there in the informal sector. The major problem faced by MSMEs is lack of financial access. The Government should support MSMEs for procuring loans and to market their products. In order to achieve Financial Inclusion, the Government of India introduced Pradhan Mantri Mudra Yojana (PMMY). This paper attempts to study the performance of PMMY in providing financial assistance to MSMEs.</p>
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1.0 INTRODUCTION

Series of transformation takes place in India since Independence. After Liberalisation, in 1990s, standard of living of the Indians improved as the markets was opened up and employment opportunities increased. Due to reasons like social barriers, lack of access to education, finance and technology certain sections of the society have lagged behind. MSMEs which form the base of the economy is one such section which lagged behind. The economic growth of developing countries depends on the development of MSMEs.

MSME are considered pillars of the Indian economy due to their considerable contribution to the economy, exports and employment generation. Today most jobs in the country are created by MSMEs and they contribute significantly to the growth of an economy. The Indian economy has been supported by the MSMEs for the past fifty years.

While MSMEs occupies an important place in the Indian economy still majority of them are there in the informal sector. The main problem faced by MSMEs is lack of financial support. 90 percent

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of this sector does not have access to formal sources of finance. As the financial institutions are unwilling to provide loans to small businesses most of the MSMEs rely on money lenders for high rate of interest

To scrap poverty and to provide more opportunities finance plays an important role. Financial inclusion is every individual in the society without any discrimination should be offered banking and financial solutions. Many poor people in India do not have access are aware of banks and its functions. Even if they are aware they may not be able to meet the criteria lay by banks. So, they may not be able to get bank services. In order to procure loan from bank or any other financial institutions, it is mandatory to furnish certain documents. Most of these people do not have knowledge or access to apply for these documents.

The main aim of financial inclusion is to eliminate these barriers of the less fortunate people and to provide them financial services, so that they need not indebted to informal source. In order to provide financial solution to economically underprivileged people, to create awareness on financial services and its management, and to provide more credit avenues to them, the Government of India wants to attain financial inclusion by introducing several exclusive schemes, one such scheme is Pradhan Mantri Mudra Yojna (PMMY).

1.1 Scheme: Pradhan Mantri Mudra Yojana

Shri. Narendra Modi introduced Pradhan Mantri Mudra Yojna (PMMY) on 8th April 2015. It is a financial inclusion initiative taken by Government of India. The main aim of the scheme is to provide credit access to MSMEs. MUDRA (Micro Units Development and Refinance Agency) a NBFI, registered with RBI administers this scheme. MSMEs can borrow up to 10 lakhs for non-farm income generating activities.

1.1.1 Vision of Mudra

The vision of Mudra is to provide integrated financial and support services benchmarked with global best practices and standards for the poor people in the society, for their Socio and Economic Development

1.1.2 Mission of Mudra

The mission of Mudra is to create an inclusive, sustainable and value based entrepreneurial culture, in collaboration with their partner institutions in achieving financial security and economic success.

1.1.3 Purpose of Mudra

Development of MSMEs in an inclusive and sustainable manner is the main purpose of Mudra

1.1.4 Pradhan Mantri Mudra Yojana scheme Objectives

1. Funding - unfunded
2. Reducing jobless economic growth
3. Monitoring and regulating the Microfinance Institutions (MFI)
4. Integration of informal economy into formal sector
5. Promoting financial inclusion

1.1.5 Types of PMMY Loans

The scheme offers three types of Products namely.

- Sishu- Financial assistance up to rupees Fifty thousand,
- Kishor –Financial assistance from rupees Fifty thousand to Five lakhs
- Tarun –Financial assistance from Five lakhs to Ten Lakhs

1.2 Review of Literature

Agarwal and Dwivedi (2017) in their study indicated that, the Government of India in order to attain Financial Inclusion introduced PMMY scheme. This scheme will help the low income and weaker section people to get financial assistance. It also provides more opportunities for getting credit requirements and refinance facilities.

Bindal and Singh (2022) stated that the main focus of Mudra Yozna is to fund the people who are unable to get finance. The study indicated that the small entrepreneurs who don't have awareness or access to banking system will be benefitted by this scheme. By creating confidence, this scheme will motivate many to become new entrepreneurs and to enlarge business activities.

Mahadule and Chib (2022) in their study found that, women entrepreneurs are benefitted more by PMMY scheme since its inception. Most of the women who availed loan under this scheme comes under Sishu category of less than rupees fifty thousand. The schemes help the women to be independent both economically and financially.

1.3 Objectives of the study

- To analyse the disbursement of loans under the Pradhan Mantri Mudra Yojana (PMMY) over multiple years to identify trends and patterns.
- To assess the performance of PMMY across various dimensions, including category-wise, institution-wise, and state-wise disbursements.

2.0 RESEARCH METHODOLOGY

2.1 Research Design

This study is based on secondary data collected from the Annual Reports of Mudra spanning from the fiscal year 2015-16 to 2022-23. The dataset compiled from these reports serves as the primary source for conducting an extensive analysis in this research.

2.2 Data Analysis

The analysis encompasses a sequential approach, commencing with data cleaning and organization to ensure data accuracy and consistency. Initial analysis involves the utilization of descriptive statistics and data visualization techniques to provide a holistic overview of PMMY loan disbursement trends over the years. Subsequent analyses are conducted to delve deeper into the data, such as examining category-wise, institution-wise, and state-wise disbursements.

2.3 Limitations

A potential limitation of this study is its reliance on existing data, which may carry inherent limitations, such as reporting biases or constraints in data granularity. Additionally, since the data is

sourced up to the fiscal year 2022-23, the findings may not capture the most recent developments or trends beyond that period.

3.0 DATA ANALYSIS AND INTERPRETATION

The study deals only with secondary data sources. The secondary data was collected from Annual reports of PMMY, Mudra website, Books, Journals Newspapers etc. The study analyse the Performance of Pradhan Mantri Mudra Yojana (PMMY) in India over the years. Linear trend line is used to analyse the loan disbursed under PMMY over the years and also to predict the amount in the upcoming years. Bar diagrams are used to represent the secondary data.

Table 1

Pradhan Mantri Mudra Yojana (PMMY) Scheme Loan Sanctioned and Disbursed Over the Years

Year	PMMY Loan Sanctioned (₹ in Crores)	PMMY Loan Disbursed (₹ in Crores)
2015-16	₹1,37,449.27	₹1,32,954.73
2016-17	₹1,80,528.54	₹1,75,312.13
2017-18	₹2,53,677.10	₹2,46,437.40
2018-19	₹3,21,722.79	₹3,11,811.38
2019-20	₹3,37,495.53	₹3,29,715.03
2020-21	₹3,21,759.25	₹3,11,754.47
2021-22	₹3,39,110.35	₹3,31,402.20
2022-23	₹4,56,537.98	₹4,50,423.66

Source: Annual Report of Mudra from 2015-16 to 2022-23

In Table 1, we present the annual disbursement data for the Pradhan Mantri Mudra Yojana (PMMY) in crores of Indian Rupees (₹) over an eight-year period, from 2015-16 to 2022-23. The figures indicate a consistent upward trend in both loan sanction and disbursement amounts throughout these years. Starting at ₹1,37,449.27 crores in 2015-16, PMMY loan sanctions steadily increased each year, reaching ₹4,56,537.98 crores in 2022-23. Similarly, the loan disbursement amounts started at ₹1,32,954.73 crores in 2015-16 and exhibited steady growth, culminating in ₹4,50,423.66 crores in 2022-23. These data points highlight the program's robust expansion and impact over time, reflecting its role in facilitating financial support to entrepreneurs and small businesses across India.

Figure 1

PMMY Loan Disbursement (₹ in Crores)

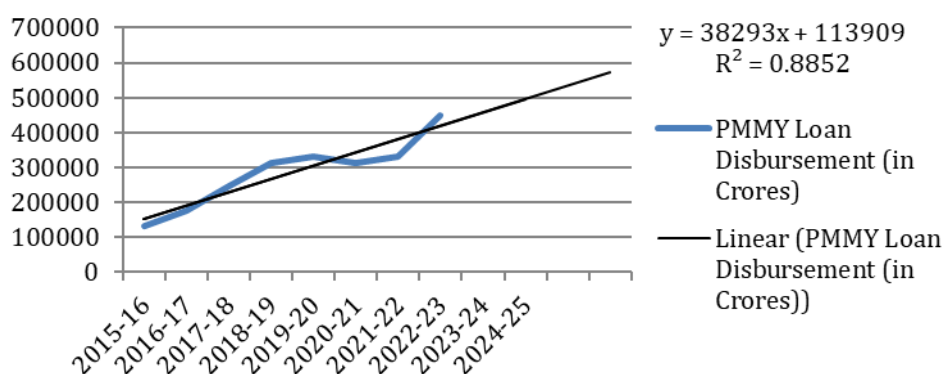


Figure 1 shows the loan disbursement of PMMY scheme over the years. The graph shows a rising trend since its inception. Linear trend line is used to predict the loan amount disbursement for future two years 2023-24 and 2024-25 based on the last eight years data. The Coefficient of determination shows the goodness of fit, the value $R^2 = 0.885$ or 88.5 percentage so the unexplained variation is only 11.5 percentage which indicates that the data fits the model well.

Table 2

Performance Report of Pradhan Mantri Mudra Yojana (PMMY) Scheme

Category	Amount Disbursed (in ₹)		Category	Amount Disbursed (in ₹)					
	2015-16			2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
General	83,758.40	General	1,09,032.31	1,62,750.43	2,13,787.7	2,17,650.68	2,08,306.16	2,07,992.98	2,86,445.74
SC	14,691.79	SC	18,524.08	23,684.22	28,989.37	34,302.76	30,360.15	36,924.57	47,272.28
ST	4,742.03	ST	5,105.55	7,706.45	10,590.27	13,610.19	12,481.97	14,274.86	17,293.90
OBC	29,762.51	OBC	42,650.19	52,296.30	58,444.04	64,121.01	60,606.19	72,209.80	99,411.74
Total	1,32,954.73	Total	1,75,312.13	2,46,437.40	3,11,811.38	3,29,684.63	3,11,754.47	3,31,402.20	4,50,423.66
Out of Above		Out of Above							
Women Entrepreneurs	63,190.43	Women Entrepreneurs	78,249.77	1,00,170.55	1,29,153.23	1,42,846.22	1,28,370.13	1,64,441.88	2,15,034.55
New Entrepreneurs / Accounts	58,908.08	New Entrepreneurs / Accounts	69,973.96	93,656.61	1,00,925.58	94,896.09	79,504.63	68,999.66	1,29,422.76
Minority	13,560.30	Minority	19,474.20	23,155.33	29,029.47	3,0179.2	26,249.99	40,857.30	45,328.75
PMJDY OD Account	274.02	PMJDY OD Account	312.62	37.90	62.06	36.94	87.09	106.65	144.44
Mudra card	1,391.25	Mudra card	1,515.84	1,425.48	1,651.97	8,515.67	6,729.35	4,474.78	4,402.61
Skill Trained Persons	3,514.26	NULM	168.59	184.94	229.41	295.33	215.99	347.73	1,063.31
		NRLM	1,387.11	2,003.29	3,102.41	2,766.08	2,252.51	4,280.99	12,201.63
		Other Govt. Sponsored Prog.	7,850.74	5,754.37	6,999.36	6,836.93	6,733.22	12,868.81	17,987.93

Source: Annual Report of Mudra from 2015-16 to 2022-23

Table 2 indicates the category wise performance of PMMY. In 2015-16 the community wise loan disbursement was ₹1,32,954.73 and increased to ₹4,50,423.66 in 2022-23 of which General category was sanctioned 63.59 percent, OBC 22.07 percent and SC & ST 14.34 percent. The scheme shows that general category people utilize the scheme to a large extent followed by OBC category and SC, ST category are lagging behind on the total amount of loan disbursed. The loan disbursed to women entrepreneurs was ₹63,190.43 in 2015-16 increased to ₹2,15,034.55 in 2022-23. The major

beneficiaries of this scheme are women entrepreneurs with nearly 50 percent. Earlier women find it very difficult to get loans for business, but the introduction of this scheme made it easy and provides an opportunity for them to become successful women entrepreneurs. Among the total amount disbursed 44.3 percent was sanctioned to new entrepreneurs in 2015-16, 21 percent in 2021-22 and 28.73 percent in 2022-23 respectively.

Table 3

Institution wise Performance Report of Pradhan Mantri Mudra Yojana (PMMY) Scheme

BANK TYPE	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
SBI and Associates	16999.8	22385	28563.1	33612.5	34977.8	37884	28352.9	35601.64
Public Sector Commercial Banks	39127.3	46063	59067.4	59754.4	59201.4	65067	70203.1	104023.3
Private Sector Commercial Banks	20025.7	38773	49275.4	63624.1	91361.6	93086	117406	141116
Foreign Banks	21.34	14.78	17.52	30.61	6.56	0	0	0
State Cooperative Banks	0	0	0	1.6	0.93	0.4	0.36	-
Regional Rural Banks	10876.2	11239	14691.9	16687.1	16753	17911	18704.9	31493.86
Micro Finance Institutions	1878.36	2105	1956.34	2357.41	3000.93	2354.7	1806.44	912.24
NBFC-Micro Finance Institutions	44026.1	42563	44665.2	59115.7	54834.1	44032	47041.5	65918.37
Non-Banking Financial Companies	0	1864.2	26960.1	46865.1	40108.7	31856	18697.1	33061.27
Small Finance Bank	0	10305	21240.4	29762.9	29439.6	19563	29189.4	38296.27
Grand Total	132955	175312	246437	311811	329685	311754	331402	450423.66

Source: Annual Report of Mudra from 2015-16 to 2022-23

Table 3 shows the institutional performance the scheme. The data shows that in 2015-16, SBI and associates provides loan upto 12.78%, Public Sector Commercial Banks 29.42%, Private Sector Commercial Banks 15.06%, Regional Rural Banks 8% Micro Finance 1.4 % and, NBFC-Micro Finance Institutions 33.11% out of the total loan disbursed. In 2022-23 the major contribution comes from Private Sector Commercial Banks 31.32% the remaining was SBI and associates contributes 7.9%, Public Sector Commercial Banks 23.09%, Regional Rural Banks 6.99% Micro Finance 0.20% NBFC-Micro Finance Institutions 14.63% Small finance bank 8.50% and Non-bank financial companies 7.34%.

Table 4

State wise Performance on PMMY Loan Disbursement (Top Ten States Over the Year)

STATES	2016-17	STATES	2017-18	STATES	2018-19	STATES	2019-20	STATES	2020-21	STATES	2021-22	STATES	2022-23
Tamil Nadu (TN)	17,756.40	TN	24,980.9	TN	33,807.9	TN	34,615.1	KA	29,785.3	WB	33,949.8	UP	47,427.26
Karnataka (KA)	17,290.70	KA	22,500.7	KA	29,345.4	UP	29,801.4	TN	28,534.6	UP	32,850.8	BR	45,448.59
Maharashtra (MH)	16,976.80	MH	22,266.2	WB	25,892.3	KA	29,702.9	WB	28,529.9	TN	32,262.9	TN	43,730.39
West Bengal (WB)	15,480.00	UP	21,174.5	MH	25,742.0	MH	27,394.6	UP	27,875.1	BR	30,725.1	KA	40,746.09
Uttar Pradesh (UP)	14,753.60	WB	19,970.8	UP	24,888.9	WB	26,457.9	MH	24,624.1	KA	28,374.9	WB	38,353.85
Bihar (BR)	11,585.60	BR	15,396.8	BR	23,068.3	BR	26,340.3	BR	24,019.8	MH	25,416.5	MH	36,104.52
Madhya Pradesh (MP)	10,191.90	MP	14,357.5	RJ	17,007.4	RJ	19,366.1	RJ	18,223.4	RJ	18,728.9	MP	24,632.59
Rajasthan (RJ)	8,823.30	RJ	13,503.8	MP	16,792.3	MP	18,578.0	MP	17,822.8	MP	18,218.4	RJ	24,492.62
Gujarat (GJ)	7,692.07	GJ	11,202.5	OR	15,284.6	OR	15,154.4	OR	14,919.0	OR	16,557.3	OR	21,505.13
Odisha (OR)	7,600.68	OR	11,115.9	GJ	12,983.6	GJ	13,529.7	GJ	11,564.7	GJ	11,990.0	GJ	17,507.49

Source: Annual Report of Mudra from 2015-16 to 2022-23

Table 4 gives the performance of the scheme in top ten states. Since inception most of the loans were availed and disbursed only to states like Tamil Nadu, Karnataka, Maharashtra, West Bengal, Uttar Pradesh, Bihar, Madhya Pradesh, Rajasthan, Gujarat, Odisha. Tamil Nadu stands first in the table during the years 2016-17 to 2019-20, Karnataka in 2020-21 and West Bengal in 2021-22 and Uttar Pradesh in 2022-23.

4.0 CONCLUSION

To achieve social wellbeing and Socio-economic development a well-structured Programme to eliminate poverty and empower people is needed. The introduction of the scheme PMMY in order to attain financial inclusion brings tremendous change in the MSME's finance. The scheme helped MSME's to meet their credit requirements and refinance. The loans sanctioned and disbursed showed a continuous increase since its inception to recent days. The scheme has benefitted all sections of the community General, Other Backward Classes (OBCs), Schedule Caste and Tribe (SC/ST) groups. The most commendable achievement in the scheme is its impetus to women entrepreneurship. Women entrepreneurs are the major beneficiaries of this scheme since 2015-16. The state wise achievements show the benefits of the scheme are availed only by few developed states over the years. The scheme's main purpose is to benefit the small business setups to become independent and to create more employment opportunities. The Government of India should create more awareness about this scheme so that it would benefit persons who have the aspiration and capacity to become an entrepreneur.

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