



# STATUS & GROWTH OF PRADHAN MANTRI MUDRA YOJANA (PMMY) IN INDIA

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**Abstract:** Pradhan Mantri Mudra Yojana in an initiative by the Government for revitalizing self – employment opportunities for budding entrepreneurs and the unbanked sector. This scheme promotes financial inclusion for building a strong base for development of the Indian Economy. This study aims to identify the present status of PMMY in India and also focuses on prioritising women entrepreneurs under its purview. The results indicate that the performance of PMMY over the years has continuously increased, except during the time of the Covid – 19 pandemic. Also, the share of women entrepreneurs is showing a tremendous growth in the Shishu and Kishor categories of this scheme.

**Keywords:** MUDRA, PMMY, Financial Inclusion, Shishu, Kishor, Tarun

## INTRODUCTION

Financial inclusion is an important priority of the Government with its major objective of extending financial services to the large hitherto un – served population of India especially to low income groups and weaker sections. The Union Government, in this regard, launched the Pradhan Mantri Mudra Yojana (PMMY) in April, 2015. The scheme facilitates loans up to Rs. 10 lakhs to non – farm, non – corporate income generating units of micro and small entities engaged in manufacturing, processing, trading and service sectors. Micro Units Development and Refinance Agency (MUDRA) Bank was launched under PMMY. The loans under this scheme can be availed from financial institutions such as Public Sector Banks (PSBs), Private Banks (PBs), Regional Rural Banks (RRBs), State and Urban Co – operative banks and Micro Finance Institutions (MFIs). Individuals, propriety concerns, partnership firms, private ltd. company and public company are eligible to borrow funds under this scheme. The scheme has been classified under three categories:

- SHISHU: Loans up to Rs. 50,000/-
- KISHOR: Loans from Rs. 50,001 to Rs. 5,00,000/-
- TARUN: Loans from Rs. 5,00,001 to Rs. 10,00,000/-

The loans are guaranteed against default by Credit Guarantee Fund for Micro Units (CGFMU), a trust fund set up by the Government of India.

## LITERATURE REVIEW

Ramesh (2016) in his study focussed on evaluating the performance of the MUDRA scheme. The main purpose of this article is to explore the PMMY system and its performance. This is a descriptive study and secondary data for 2015-2016 were collected from MUDRA website. The study concluded that the scheme performed very well in the Shishu category. According to the author, women entrepreneurs and borrowers from SC/ST/OBC categories benefitted the most from this scheme. Soni (2016) in her research paper made an attempt to understand the PMMY scheme, its focus areas, and the legal structure necessary to receive its benefits. The author concluded that the scheme will help to provide employment to people from rural areas and interior parts of the country. It will also help in the growth of the MSME Sector and in increasing the GDP of the country. It will provide confidence to small scale entrepreneurs and young, educated and skilled workers to expand their opportunities. According to the authors, the PMMY encourages women to take up entrepreneurship, which leads to women empowerment and effective nation building. Agarwal & Dwivedi (2017) in their study analyzed the performance of Pradhan Mantri Mudra Yojana (PMMY) based on state, caste and category. It also explains the characteristics of PMMY and SWOT analysis. Union territories such as the Andaman and Nicobar Islands and Lakshadweep have negative growth rates and are unsatisfactory for states. Assam and Tripura, on the other hand, show the highest growth rates. According to the authors, the PMMY program is a commendable effort by the government and has greatly helped vulnerable and low-income groups. Singh (2018) focuses on the PMMY programme, the current status of the programme, and related proposals. The Researcher explained that the main problem lies in the growth of the non – corporate SME sector. He identified the lack of financial support from the organized sector as a reason for this problem. Through the financial support provided by the banks under PMMY, the target population will garner various benefits like improved living standards, increased employment opportunities, increase in per capita income and reduction in poverty.

**OBJECTIVES**

1. To identify the status of MUDRA loans in India from F.Y. 2015-16 to F.Y. 2022-23
2. To analyze the categorization of MUDRA loans in India from F.Y. 2016-17 to F.Y. 2021-22
3. To analyze the loans sanctioned to women entrepreneurs under PMMY from F.Y. 2016-17 to F.Y. 2021- 22

**METHODOLOGY USED**

This study is descriptive in nature. The focus is on identifying the current state of MUDRA lending and the growth trend it has set since its inception under the Pradhan Mantri Mudra Yojana. The data collected is secondary in nature and has been collected from various annual reports published by PMMY from 2015-16 to 2021-22. Also various journals & reports from other websites have been included to show the real picture of PMMY in financial inclusion.

The representation of the data is simple in nature depicted through tables and the analysis is based on simple mathematical tools: percentage and growth rate.

**DATA ANALYSIS AND INTERPRETATION**

In order to identify and analyze the status of MUDRA Loans under PMMY Scheme, the data was collected for the given time period and has been worked on as such:

**Table 1:** Status of MUDRA Loans under PMMY from F.Y. 2015-16 to 2021-22

Financial Year	PMMY Loans Accounts (in Lakhs)	Amount Sanctioned (Rs. Crores)	Amount Disbursed (Rs. Crores)
2015-16	34880924	137449.73	132954.73
2016-17	39701047	180528.54	175312.13
2017-18	48130593	253677.10	246437.40
2018-19	59870318	321722.79	311811.38
2019-20	62247606	337495.53	329715.03
2020-21	50735046	321759.25	311754.47
2021-22	53795526	339110.35	331402.20
2022-23	62310598	456537.98	450423.66

Source: <https://www.mudra.org.in/>

From the table above, it can be inferred that there has been an almost continuous growth in the sanctioned and disbursement amount of MUDRA Loans. The financial year 2020-21 has been an exception to this effect, mainly because of a decline in the economic activity in the entire country due to the Covid – 19 pandemic. Total amount disbursed under this scheme was lowest during F.Y. 2015-16 at Rs. 1.33 lakh crores. As the scheme gained popularity, it has showed a positive growth during the entire period under review. As of now, the highest total funds disbursed stands at Rs. 4.50 lakh crores during F.Y. 2022-23.

Initially, PMMY covered income generating activities in the manufacturing, trading and services sector only. Since F.Y. 2016-17, loans for agriculture–allied activities such as dairy, poultry, livestock rearing, beekeeping, agri–clinics, etc. which promote livelihood were included in PMMY. In F.Y. 2017-18, loans for financing tractors and power tillers were also included in PMMY. In F.Y. 2018-19, loans for purchase of two–wheelers for commercial purpose have also been brought under PMMY. The average ticket size of the loans has nearly doubled to Rs. 72,000 in F.Y. 2022-23 from Rs. 38000 in F.Y. 2015-16. It shows the increasing share of borrowers under the Kishor and Tarun categories of PMMY.

**Table 2:** Categorization of MUDRA Loans from F.Y. 2016-17 to 2021-22

F.Y.	Shishu		Kishor		Tarun	
	Accounts (In Lakhs)	Total Amount Sanctioned (Rs. Crores)	Accounts (In Lakhs)	Total Amount Sanctioned (Rs. Crores)	Accounts (In Lakhs)	Total Amount Sanctioned (Rs. Crores)
2016-17	364.98	85100.75	26.63	53545.14	5.40	41882.66
2017-18	426.70	106001.60	46.53	86732.16	8.07	60943.34
2018-19	515.07	142345.25	66.06	104386.68	17.57	74990.86
2019-20	544.91	163559.00	64.72	95578.00	12.85	78359.00
2020-21	401.80	109953.00	94.86	132516.00	10.69	79290.00

2021-22	417.21	124747.37	110.88	137644.38	9.86	76718.61
TOTAL	2670.67	731706.97	409.68	610402.36	64.44	412184.47

Source: Annual Reports of PMMY

The above table shows the break – up of the three categories of MUDRA loans in terms of number of accounts opened and total amount sanctioned over the period ranging between F.Y. 2016-17 and F.Y. 2021-22. The highest share, in terms both, number of loan accounts and total amount sanctioned is for the Shishu category, followed by Kishor and Tarun. It clearly shows the number of small scale entrepreneurs is the highest among all categories of borrowers.

In the Shishu category, there has been an increase both in terms of number of loan accounts and total amount sanctioned over the study period, except for F.Y. 2020-21, which saw a negative growth. This is primarily due to the Covid – 19 pandemic, when most of the economic activity was brought to a standstill.

In the Kishor category, there has been an almost consistent growth, with a continuous increase in both, number of loan accounts and total amount sanctioned in the period ranging between F.Y. 2016-17 and 2018-19. The F.Y. 2019-20 saw a momentary fall both, in terms of number of loan accounts and total amount sanctioned, but since F.Y 2020-21, both variables have shown a considerable rise.

In the Tarun category, there has been an increase in the number of loan accounts in the period ranging between F.Y. 2016-17 and 2018-19, however it has shown a consistent fall since F.Y. 2019-20. In terms of total amount sanctioned, there has been an increase in the period ranging between F.Y. 2016-17 and 2020-21. In the F.Y. 2021-22, there was a fall in the total amount sanctioned.

**Table 3:** Category – Wise Share of Women Entrepreneurs in Total Sanction Amount under PMMY from F.Y. 2016-17 to F.Y. 2021-22

F.Y.	Category	Total Amount Sanctioned (Rs. Crores)	Amount Sanctioned to Women Entrepreneurs (Rs. Crores)	Share of Women Entrepreneurs in Total Sanction Amount (in %)
2016-17	Shishu	85100.75	66997.91	78.73
	Kishor	53545.14	9541.63	17.82
	Tarun	41882.66	3750.13	8.95
	Total	180528.55	80289.67	44.47
2017-18	Shishu	106001.60	80371.59	75.82
	Kishor	86732.16	16586.84	19.12
	Tarun	60943.34	6295.70	10.33
	Total	253677.10	103254.13	40.70
2018-19	Shishu	142345.25	96253.15	67.62
	Kishor	104386.68	26741.23	25.62
	Tarun	74990.86	10039.23	13.39
	Total	321722.79	133033.61	41.35
2019-20	Shishu	163559.00	109660.00	67.05
	Kishor	95578.00	26477.00	27.70
	Tarun	78359.00	9045.00	11.54
	Total	337496.00	145182.00	43.02
2020-21	Shishu	109953.00	74490.00	67.75
	Kishor	132516.00	50731.00	38.28
	Tarun	79290.00	6082.00	7.67
	Total	321759.00	131303.00	40.81
2021-22	Shishu	124747.37	89621.66	71.84
	Kishor	137644.38	70027.90	50.88
	Tarun	76718.61	6772.91	8.83
	Total	339110.36	166422.47	49.08
Grand Total		1754293.80	759484.88	43.29

Source: 1. *Annual Reports of PMMY*

2. *Author's own calculation of % share of Women Borrowers in the Total Amount Sanctioned*

The above table shows the loan amount sanctioned under PMMY to women borrowers from the total sanctioned amount for the period of study. Out of the total sanctioned amount, including all categories, the highest share percentage of loans sanctioned to women borrowers is seen in the F.Y. 2021-22. 49.08% of the total amount was sanctioned to women borrowers in that year. The lowest share percentage of women borrowers out of the total sanctioned amount was 40.70% in the F.Y. 2017-18. The F.Y. 2020-21 also recorded a comparatively low percentage share of total loans sanctioned to women borrowers at 40.81%. This was due to the slump in economic activity due to the Covid – 19 pandemic.

However, if we analyze the share of women borrowers in sanctioned amount in a particular category, we see that it has been the highest in the Shishu category of MUDRA loans. The share of women borrowers in the Shishu category out of the total sanctioned loan amount in that category has been in the range of 67.05% and 78.73% during the period under study, which is quite encouraging. Women borrowers constitute more than two – thirds of the loans sanctioned under the Shishu category for every year in the period under study. The reason for the high share of women borrowers in the Shishu category is lending of micro – loans primarily to women by the Micro Finance Institutions (MFIs) in the form of Self Help Groups (SHGs) and Joint Liability Groups (JLGs).

It is also evident from the above table that there has been a consistent and continuous increase in the percentage share of women borrowers under the Kishor category during the period under study. In the F.Y. 2016-17, the share of women borrowers out of the total amount sanctioned under the Kishor category was 17.82%, which almost tripled to 50.88% in the F.Y 2021-22.

During the study period, women borrowers constitute 43.29% of the total loan amount sanctioned under all three categories.

## CONCLUSION

For the development of any country, the participation of its human resource in the labour force is a pre requisite. With the growing population it is difficult for the Government to create job opportunities in the organised sector and considering the other side of the coin, only salaried jobs will lead to a lop – sided development and so there is a great need of entrepreneurship to have a balanced growth. To promote self – employment opportunities, PMMY is playing an important role by harnessing the needs of small entrepreneurs and especially women. The results show, that apart from the Covid – 19 pandemic period, PMMY has served in providing funds to women entrepreneurs and broadened its base through more sanctions under the scheme over the years. Thus the initiative of the government is proving to be fruitful for changing the employment dynamics of the country.

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Online Resources:

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