

RESEARCH

Role of MUDRA Yojana in financing women entrepreneurs in India

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After agriculture, microenterprises are a major economic segment that provides large employment opportunities. According to the 2021–2021 annual report for MSMEs [micro, small, and medium enterprises], there were 630.52 lakhs of microenterprises, 1076.19 lakhs of people gained employment opportunities, and 30.27% to India's GDP came from these microenterprises. Microfinance is the tool to reduce poverty and income inequality and to provide financial services for self-employment opportunities to underprivileged citizens in both rural and urban areas. To promote gender equality and entrepreneurial spirit, it is necessary to finance women's empowerment.

PMMY [Pradhan Mantri MUDRA Yojana] and MUDRA [Micro Units Development and Refinance Agency Ltd.] by the Government of India aims at providing financial support to the NCSBS [Non-Corporate Small Business Sector]. Usually these sectors operate as unregistered enterprises and are not covered under taxation, and they face a lack of financial support from banks and other financial institutions.

MSE borrower accounts stood at 5.37 crore rupees, with a financial support of 32.14 crore rupees as of 2021–2022. MUDRA provides refinance to microenterprises through various financial institutions like private sector banks, public sector banks, co-operatives, and MFIs [Micro Finance Institutions]. This article aims to understand the background of MUDRA Yojana, the activities covered, the schemes under MUDRA Yojana, and the overall performance of MUDRA Yojana in financing women entrepreneurs in India.

MUDRA has come up with various digital supports that enable the entrepreneurs to access various financial needs.

Keywords: MUDRA Yojana, microenterprises, financial support, women empowerment, digital platforms

Introduction

PMMY Mantri MUDRA Yojana] and MUDRA [Micro Units Development and Refinance Agency Ltd.] are launched by the Hon'ble Prime Minister of India on April 8, 2015. Initially, MUDRA has been formed as a wholly owned subsidiary of SIDBI [Small Industries Development Bank of India] with 100% capital. The authorized and paid-up capital of MUDRA is 1000 crore and 750 crore rupees, respectively, fully subscribed by SIDBI. It is expected to have more capital to increase the functioning of the scheme. MUDRA benefits microenterprises and helps improve the livelihood of the poor. The non-corporate, non-farm microenterprises get the loans from MUDRA up to 10 lakh rupees.

MUDRA funds come in two types:

- MCS [Micro Credit Scheme]: An amount up to 1 lakh rupees through MFIs and SHGs.
- Commercial banks, RRBs, small finance banks, and NBFCs offer loans up to 10 lakh rupees.

The activities under MUDRA Yojana

- Transport vehicles – The vehicles used for commercial purposes like auto rickshaws, small goods transport vehicles, 3 wheelers, taxis, and tractors.

- Social and personal services – Beauty salons, gyms, boutique centres, dry cleaning, repair shops, DTP and photocopy centre, medicine shops, and courier agents.
- Food products – Papad shops, jam/jelly making, agricultural products, bakery-shops, catering/canteen services, and ice cream parlor.
- Textile products – Handloom, zari work, embroidery work, fabric printing, apparel design, computerized embroidery, stitching, and manufacturing of bags, accessory vehicles, and furnitures.
- Business loans for traders and shopkeepers – Up to 10 lakh rupees per borrower for business, services, and non-farm income-generating activities.
- Equipment finance scheme for microunits – Funds to purchase machinery/equipment for enterprises.
- Agricultural allied activities – poultry farming, pisciculture, diaring, and fisheries.
- MUDRA Card – Against the MUDRA loan account, a debit card will be issued for the working capital loan.
- Women's enterprise program (Mahila Udyami Yojana) – Interest rates are being reduced by 25 bps for MFIs/NBFCs that are offering finance to women borrowers.

The schemes of MUDRA Yojana

- To start new enterprises, **Shishu loans** will offer up to the limit of 50,000 rupees for new entrepreneurs.
- For existing entrepreneurs, **Kishore loans** will offer up to the limit of 50,000 rupees above to 5 lakh rupees.
- For the expansion of enterprises, **Tarun loans** will offer up to the limit of 5 lakh to 10 lakh rupees.

Disruptive technology in PMMY

SIDBI has launched various digital platforms like sidbi.in, sidbistartupmitra.in, and standupmitra.in, and there is a new addition of Udyamimitra [www.udyamimitra.in] that enables the borrowers to attain ease of access to financial and non-financial services from the scheme. Loans up to 10 lakh rupees can be obtained through an online platform.

These digital portals act as a virtual market place and provide end-to-end solutions for financial and non-financial services.

Features of digital portals

- The user will be guided through registration and login.
- Required training will be provided before they start the business. In this regard, various agencies have mapped

their expertise in the portal in areas like financial training, skill development, project report preparation, application filing, work sheds, and access to margin money/subsidy support through government schemes.

- Ready borrower can submit their online loan application with instant acknowledgement through email/SMS. The application submitted will be tracked by the bank's nodal officer and lead district managers as per the preference given by the applicant.

As of now, 1.25 lakh branches (public sector banks, private sector banks, foreign banks, NBFCs, fintechs, and small finance banks) are mapped on the portal. This portal replaces the traditional manual operation with a digital platform, and the loan process mechanism has been simplified and standardized across all banks.

Interest Rate

The financial institutions like commercial banks, RRBs, and cooperative banks that avail finance from MUDRA fix the reasonable rate of interest as per the policy decisions of the banks and as advised by MUDRA Ltd.

- For a Shishu loan, the interest rate is 1–12% per annum.
- For a Kishore loan, the interest rate is 8–11% or more per annum.
- For a Tarun loan, the interest rate is 11–20% per annum.

Review of literature

- **Taranjeet Kaur Matharu (2020)**

This study concluded that the MUDRA scheme helps the microenterprises to take the loans easily and has a positive impact on helping the microenterprises who are neglected by other banking systems. Matharu (1)

- **Manikandan S (2020)**

MUDRA is a refinance institution that provides loans to microenterprises on three schemes; out of the three schemes, more than 90% of the borrowers have taken Shishu loans to start the enterprises. Manikandan (2)

- **Gunjan Bhayana (2020)**

As more loans are disbursed under the Shishu scheme, MUDRA is supporting the entrepreneurial spirit among new and beginner entrepreneurs. The performance of private microlending institutions is better than that of public lending institutions, and the government should take the necessary steps to improve the performance of public sector banks. Bhayana (3)

- **Deepthi Laiju (2020)**

Though MUDRA has given more benefits to entrepreneurs to start small business without any collateral, it is recommended to have a proper track in recovery system and monitor it at regular intervals. Laiju (4)

- **Vijay Kumar (2020)**

The author has concluded that this scheme will have a positive impact on microentrepreneurs by helping them to get the funds they need for their small businesses. Kumar (5)

- **Dr. Yogesh D. Mahajan (2019)**

Among all the states in India, Maharashtra stood at third place, and also there the author suggested the scope for

further research in analyzing the role of MUDRA in income generation, employment generation, and business expansion. Mahajan (6)

- **Vibhuti Mittal (2019)**

MUDRA helps the entrepreneurs in obtaining financing and also helps them by providing various skill development training programs, so they can start their own small businesses and, after that, expand their operations. Mittal (7)

- **P.A. Ibrahim (2018)**

Under this study, it is observed that the majority of the loan accounts and loans disbursed are under the Shishu

TABLE 1 | Showing the overall performance of PMMY under three schemes.

MUDRA Schemes	Particulars	2019–2020	2020–2021	2021–2022
Shishu	Total No. of Accounts	54490617	40180115	41721154
	No. of Women Accounts	35717217	27753288	30441921
	% of Women out of Total	65.55	69.07	72.97
	Total Disbursement Amount	162813.21	108637.24	123969.05
	Disbursement Amount to Women	109222.18	73872.15	89233.92
	% of Women out of Total	67.08	68.00	71.98
	Total Outstanding Amount	118194.24	96172.17	127709.50
	Total Outstanding Amount from Women	78549.09	60901.69	68390.09
	% of Women out of Total	66.46	63.33	53.55
Kishore	Total No. of Accounts	6471873	9486160	11088206
	No. of Women Accounts	2988307	5468211	7892778
	% of Women out of Total	46.17	57.64	71.18
	Total Disbursement Amount	91427.07	127239.57	133389.24
	Disbursement Amount to Women	25160.37	48817.86	68661.23
	% of Women out of Total	27.52	38.37	51.47
	Total Outstanding Amount	82403.25	118042.95	118388.50
	Total Outstanding Amount from Women	22000.74	43905.05	57916.32
	% of Women out of Total	26.70	37.19	48.92
Tarun	Total No. of Accounts	1285116	1068771	986166
	No. of Women Accounts	397825	82105	94560
	% of Women out of Total	30.96	7.68	9.59
	Total Disbursement Amount	75474.75	75877.66	74043.91
	Disbursement Amount to Women	8463.68	5680.12	6546.72
	% of Women out of Total	11.21	7.49	8.84
	Total Outstanding Amount	66646.09	70331.51	65608.46
	Total Outstanding Amount from Women	7891.86	5308.26	6068.03
	% of Women out of Total	11.84	7.55	9.25
Total of three loan schemes	Total No. of Accounts	62247606	50735046	53795526
	No. of Women Accounts	39103349	33303604	38429259
	% of Women out of Total	62.82	65.64	71.44
	Total Disbursement Amount	329715.03	311754.47	331402.20
	Disbursement Amount to Women	142846.23	128370.13	164441.87
	% of Women out of Total	43.32	41.18	49.62
	Total Outstanding Amount	267243.58	284546.63	311706.46
	Total Outstanding Amount from Women	108441.69	110115.00	132374.44
	% of Women out of Total	40.58	38.70	42.47

category, with very little focus on the Tarun scheme. The government should take the proper actions in finding out the reasons for this lack of concentration on getting the funds from Tarun loans. Additionally, to raise knowledge of the MUDRA schemes in the Northern and Eastern regions. Ibrahim (8)

- **Juliana Sairah John, Nikita Kabra, and Sanchia Maria Jose (2018)**

The loan disbursed among the first two schemes is larger, and the outstanding loan is increasing from year to year. This shows that the banks have not taken the proper follow-up actions in recovering the loan from the borrowers. John et al. (9)

- **Dr. J. Venkatesh (2015)**

This scheme has a positive impact on entrepreneurship development. The overall progress of the scheme is good, as it is a new one introduced by the Indian government. During the first year only, its contribution is greater, so it is expected to grow further to attain economic development in the country by promoting entrepreneurial activity among the rural and urban micropopulations. Venkatesh (10)

Research gap

A review of the literature has shown that the majority of the research work done has focused on the overall progress of PMMY. This study aims to study the role of the MUDRA Yojana in financing women entrepreneurs in India. My study focuses on analyzing how MUDRA is helping women achieve gender equality and empowering them through microfinance.

Need for the study

To analyze the performance of the MUDRA Yojana in financing women's enterprises in India and examine how the microfinance under this scheme is impacting women's empowering by encouraging and financing them to become entrepreneurs. There are various microfinance schemes to

help entrepreneurs. There is a need to understand the role of the MUDRA Yojana in financing women entrepreneurs under different schemes.

Objectives

- To study the background of the MUDRA Yojana.
- To understand the activities covered under the MUDRA Yojana.
- To know the schemes of the MUDRA Yojana.
- To study the role of digital platforms in the MUDRA Yojana.
- To analyze the role of the MUDRA Yojana in financing women entrepreneurs.

Research methodology

Quantitative research with descriptive analysis

Quantitative data are used in this study from the annual reports of 3 years and percentage analysis has been made through graphs, and I am describing the role of Mudra Yojana in benefiting women entrepreneurs by providing different types of loans under three levels.

Data collection – secondary data are used for the study

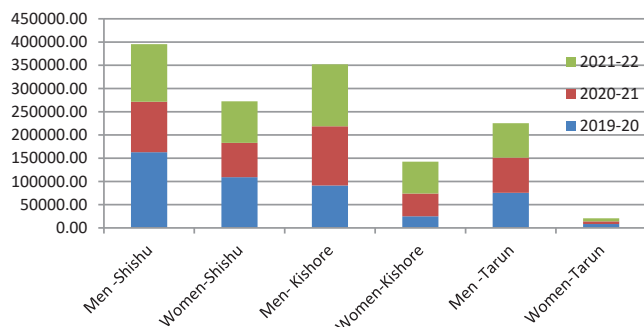
The secondary data are collected from 3-year annual reports of MUDRA (11) on the official website. Various research papers, journals, articles, and government websites are also used to get the necessary data.

Scope of the study

The study is undertaken to analyze the role of the MUDRA Yojana in financing women entrepreneurs in India by considering its three-year annual performance

TABLE 2 | Loan disbursed to men and women under three schemes.

MUDRA Schemes	Loan disbursed to	2019–2020	2020–2021	2021–2022
Shishu	Men Entrepreneurs	162813.21	108637.24	123969.05
	Women Entrepreneurs	109222.18	73872.15	89233.92
Kishore	Men Entrepreneurs	91427.07	127239.57	133389.24
	Women Entrepreneurs	25160.37	48817.86	68661.23
Tarun	Men Entrepreneurs	75474.75	75877.66	74043.91
	Women Entrepreneurs	8463.68	5680.12	6546.72



GRAPH 1 | Loans disbursed to men and women under three schemes.

in the MUDRA (12) MUDRA Yojana 2019–2020, 2020–2021, and 2021–2022.

The study is focused on analyzing the progress of the MUDRA Yojana in financing women entrepreneurs in India by considering the overall annual report of MUDRA.

Limitations of the study

- This study is based on secondary data.
- This study is limited only to the MUDRA Yojana.
- The analysis has been made only for 3 years, i.e., 2019–2020, 2020–2021, and 2021–2022.
- State-wise classification is not done in this study.

Analysis and interpretation

(Amount Rs. in Crore)

Source: MUDRA Annual Report.

Analysis and Interpretation

From **Table 1**, as on March 2022, 72%, 71%, and 8% of loan accounts belong to women, and loan accounts for Shishu and Kishore are more than those for Tarun is less. It is clear that there is an increasing trend in the overall performance of PMMY. This table shows a

growing tendency in disbursed amount. Thus, it is clear that the awareness level is increasing and the extent of usage of PMMY benefit is comparatively higher in all 3 years. Out of the three schemes, the largest share of loans is under Shishu. Furthermore, Shishu loans sanction amount increased in all 3 years.

Out of the total, more than 70%, 50%, and 8% of the borrowers are women who took Shishu, Kishore, and Tarun loans. So it can be said that MUDRA's contribution is significantly increasing in financing women entrepreneurs. But in the case of Tarun loans, women contribute less. The outstanding amount is more than 50%, 48%, and 9.25%, respectively, under Shishu, Kishore, and Tarun loans. Out of the total loans, 40% were disbursed to women, and 40% of the loans outstanding are provided to women entrepreneurs.

(Amount Rs. in Crore)

Analysis

From **Table 2**, we can observe that the loan disbursed to both men and women is showing an increasing trend in the years 2021–2022 when compared with the previous 2 years.

Interpretation

From **Graph 1**, it shows that 50% of the loans provided to women are under Shishu and Kishore loans are more than those of Tarun loans. Women are getting encouragement to become entrepreneurs, and thus PMMY plays a prominent role in financing women entrepreneurs.

(Amount Rs. in Crore)

Analysis

From **Table 3**, we can observe that the loan outstanding against men and women is more over 3 years, and every year it shows an increasing trend when compared with the previous year.

TABLE 3 | Loan outstanding to men and women under three schemes.

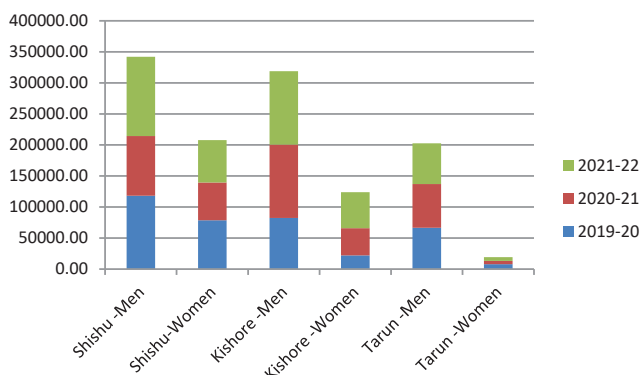
MUDRA Schemes	Loan Outstanding against	2019–2020	2020–2021	2021–2022
Shishu	Men Entrepreneurs	118194.24	96172.17	127709.50
	Women Entrepreneurs	78549.09	60901.69	68390.09
Kishore	Men Entrepreneurs	82403.25	118042.95	118388.50
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Tarun	Men Entrepreneurs	66646.09	70331.51	65608.46
	Women Entrepreneurs	7891.86	5308.26	6068.03

Interpretation

From **Graph 2**, it shows that 50% of the loans provided to men and women are stood at outstanding. Women are receiving more than 50% of the total loans, but there is no positive impact on the recovery system as we can notice the increase in outstanding loans every year.

Findings

- The main aim of MUDRA is to “fund the unfunded”. The PMMY refinances the microenterprises through financial institutions such as commercial banks, NBFCs, and MFIs.
- It helps the women entrepreneurs get the funds easily to start their own microenterprises, which enables them to improve their income, living standard, and participation in family and in community decision-making.
- Empowering and financing women entrepreneurs; out of total loan accounts, 71% belongs to women beneficiaries, and 50% of loan will be disbursed to women beneficiaries in the year 2021–2022.
- It has been found that women have the highest loan accounts under the Shishu and Kishore schemes.
- Among all the three schemes, namely, Shishu, Kishore, and Tarun, the highest loan disbursed to women is under the Shishu and Kishore schemes, i.e., 71%, and the loan disbursed under Tarun is only 8% of the total.
- Over the last 3 years, the outstanding amount has increased, and this shows that the PMMY is not making the policy stricter in recovering the loans.
- Interest rates for availing MUDRA loans are reasonable and fixed as per the policy decisions of the banks and as per the MUDRA policy related to the interest factor. However, in this study, the interest factor is not studied in detail.
- PMMY has launched digital platforms to access financial and non-financial services.



GRAPH 2 | Loans outstanding to men and women under three schemes.

Suggestions

Among all the three schemes, such as Shishu, Kishore, and Tarun, the highest loan disbursed is under the Shishu scheme, and Kishore and Tarun schemes are comparatively very less. This clearly shows that women entrepreneurs are not concentrating on the expansion of their businesses, so the lending institutions like banks, NBFCs, and MFIs have to take initiatives to reach PMMY to the beneficiaries by creating awareness and explaining the benefits of PMMY in the expansion of the business activities. It also help the beneficiaries if MUDRA conducts proper training programs and skill development activities and explains the current marketing functions. Thus, it can encourage women to focus on broadening their business activities by taking additional funds from the Tarun scheme.

Over the last 3 years, the outstanding loan has been increasing; this shows that the MUDRA bank has not effectively monitored the loan recovery, and thus the MUDRA bank has to make the policy stricter to recover the loans from its members within the given time.

Conclusion

PMMY, a scheme of the Government of India, has been helping the micro-entrepreneurs and also women entrepreneurs by financing them under three schemes, namely, ‘Shishu,’ ‘Kishore,’ and ‘Tarun,’ through Banks, NBFCs, and MFIs. In this study, I have analyzed the performance over the last 3 years.

Among the three categories, in the year 2019–2020, Shishu and Kishore loans had the largest share in terms of the number of accounts and in the amount of loans disbursed, i.e., 71%. But only a few entrepreneurs are taking loans under Tarun. This gap has to be filled by the MUDRA through proper training and follow-up actions, though MUDRA contributes toward gender equality and women’s empowerment. In addition to financial support, more focus has to be given to financial awareness and various skill development initiatives that help women entrepreneurs be more confident in their businesses and lives. So that the women borrowers can take out loans up to 10 lakhs for expanding their business operations.

However, this study has not considered the interest rate factor; there is further scope for the researcher to conduct the research work by considering the interest rates of all three schemes in various lending institutions such as Banks, NBFCs, and MFIs.

MUDRA Yojana has come with various digital platforms, and the portal has been designed in such a way that it supports online applications, registration, tracking applications, entrepreneurship training and development,

and end-to-end solutions for all the stakeholders, like banks, government agencies, and applicants. This online portal now replaces traditional operations and has simplified the loan mechanism process.

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