

Dr. Surinder Kaur
Associate Professor, Acharya
Narendra Dev College,
University of Delhi, Delhi,
India

Parminder Kaur
Associate Professor, SGTB
Khalsa College University of
Delhi, Delhi, India

Dr. Surinder Kaur and Parminder Kaur

Abstract

The Mudra yojana, officially known as “Pradhan Mantri Mudra Yojana” (PMMY), was launched in 2015 by the “Government of India” with the aim to facilitate financial support to micro, small and medium enterprises (MSMEs) by offering affordable loans. This study evaluates the yojana's impact on access to finance, loan disbursement, targeted beneficiaries, job creation, challenges, and long-term sustainability. The study aims to assess the yojana's effectiveness in empowering entrepreneurs, promoting inclusive growth, and addressing the financial needs of marginalized sections of society. The key objective of the study is to examine and evaluate the performance of the four dimensions of MUDRA yojana i.e. various product offerings, category wise performance, bank wise performance, and state wise performance. Analysis of secondary data available on MUDRA portal (www.mudra.org.in), its annual reports, various journals, newspaper articles and magazines has been done to achieve the objective of the study. The work is descriptive and analytical in nature and is limited to Mudra Bank schemes only covering a time period is 2015-2018.

The findings highlight the Mudra yojana's success in reaching many beneficiaries and promoting inclusive growth. It has created opportunities for self-employment, and facilitated job creation, particularly in semi-urban and rural areas, contributing to an inclusive and sustainable economy. The Yojana has also been successful in promoting entrepreneurship among women, minorities, and new entrepreneurs and thereby instrumental in bridging the financial gap and promoting inclusive economic development. However, there are certain challenges that government need to focus on, such as credit risk, loan repayment defaults, the necessity to enhance entrepreneurial skills among marginalized sections of society, and the establishment of effective support mechanisms. The paper concludes by proposing certain steps for enhancing the PMMY's effectiveness and ensuring its continued positive effect on the Indian economy. Through a balanced assessment of the Mudra scheme's achievements and challenges, this research aims to provide invaluable perspective for policymakers, researchers, and stakeholders in evaluating the scheme's performance and identifying areas for improvement.

Keywords: Mudra scheme, MSMEs, access to credit, job creation, promotion to entrepreneurship, performance of mudra scheme, sustainable development, entrepreneurship, PMMY, Micro, small, and medium enterprises

In India, being a developing country, financial inclusion is crucial for promoting growth and improving the living standards of the population living in poverty. By providing access to financial services for marginalized sections of society, the government can encourage self-employment and entrepreneurship. Entrepreneurs have a central role in molding the economic destiny of a nation through wealth creation, job generation, and contribution to taxes. In this context, MSMEs are particularly important, as they help in employment generation for a significant portion of the population. They accounted for approximately 30% of India's GDP in 2017-18

However, MSMEs face various challenges in accessing finance, such as lack of collateral, limited consultancy support, financial illiteracy, lack of information, and high borrowing costs. Often, they are unaware of policies and programs of the government which are designed to provide financial and institutional support. Due to financial illiteracy and lack of collateral, they are not able to access formal financial sectors and are compelled to borrow from unorganized sectors at high interest rates. To address these hurdles and provide funding to the underserved sections of society, the Government of India established “Micro Units Development and Refinance Agency” (MUDRA) in 2015.

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A study by Manish and Ritesh (2017) ^[12] indicates that the MUDRA yojana will assist the government in achieving its financial inclusion targets, which are essential in tackling poverty and income inequalities.

The concept of financial inclusion was initially presented by RBI Governor Shri Y.V. Reddy in 2005. It revolves around the goal of providing access to suitable financial services at affordable rates for individuals across all segments of society, including those belonging to low-income groups and marginalized communities. Building on this idea, MUDRA yojana was launched on April 8, 2015, with the aim of facilitating financial services for all segments of society, particularly those who are traditionally underserved. MUDRA provides refinance support to Micro Enterprise Development (MED) banks and non-banking financial companies (NBFCs) to offer loans for working capital and long term loans to micro-business units engaged in manufacturing, trading, and service activities, with loan amounts of up to 10 lakh rupees. MUDRA loans cater to a variety of purposes and are available through all bank branches in India. It provides all types of business loans to vendors and shopkeepers, be it working capital loans, equipment financing, loans for commercial transport vehicles, or loans for agricultural and allied activities.

Research Objectives: The study has been undertaken to examine the performance of MUDRA scheme. The key objectives of the present work includes examination and evaluation of the given dimensions of MUDRA scheme:

1. Performance of various product offerings
2. Category wise performance
3. Bank wise performance
4. State wise performance

To provide the background for the study, the origin and progress of MUDRA bank has also been described. Based on examination of the performance of MUDRA schemes, study has tried to identify drawbacks or shortcomings of the schemes, thereby providing suggestions for improvement in performance.

The paper is organized in 5 sections. Section 1 provided introduction and an insight into the origin of MUDRA, its schemes and participating institutions. Section 2 gives comprehensive literature review. Section 3 discusses the research design and methodology. Section 4 is dedicated to detailed result analysis and in-depth discussion on the performance of MUDRA Yojana. Section 5 gives the summary and implications. It also mentions the limitations and future scope of the work; and finally references are given at end.

Origin and Growth of MUDRA Bank

According to data collected through the survey by “National Sample Survey Office” (NSSO) in 2013, there were approximately 5.77 crore small business and micro units in the country. Among them, the majority were individual proprietors or 'Own Account Enterprises' (OAE), with around 94% of these OAEs being owned by individuals from scheduled castes (SC), scheduled tribes (ST), or other backward classes (OBCs). Surprisingly, less than 5% of these small enterprises could access credit channels such as

friends, family, relatives, or moneylenders from formal sources, with the majority relying on informal (Mudra.org, 2018).

Various interventions have been implemented in the past to address the credit needs of the sector, inclusion of MSMEs under “Priority Sector Lending” (PSL) norms in 1972, the formation of the “Small Industries Development Bank of India” (SIDBI) in 1990, and the formation of the Credit Guarantee Fund Trust to provide easy finance to Micro and Small Enterprises (CGTMSE) in 2000 by SIDBI (Dvara Research, 2017) to name a few. However, these policy initiatives and interventions failed to effectively solve the underlying finance-related challenges faced by micro entrepreneurs. The main hurdles faced in raising loan from formal channels were lack of knowledge of government schemes, financial illiteracy and inability to give collateral security. This situation forces them to borrow funds from unorganized sector at a very high rate.

There was a need to promote financial inclusion, so that all such less affluent, weaker and unserved sections of society can avail financial services at a reasonable price (Hossain, 1998) ^[7]. To tackle the ongoing problem, PMMY was launched, aiming to provide credit to micro businesspersons in a hassle-free manner. To implement the PMMY, “Micro Units Development & Refinance Agency Ltd.” (MUDRA) was instituted on April 8, 2015, with the primary objective of “funding the unfunded.” The establishment of MUDRA was a strategic step aimed at promoting financial inclusions and addressing other prominent issues such as poverty, income inequalities, and underdeveloped industries.

MUDRA was established under “Small Industries Development Bank of India” (SIDBI) as its fully owned subsidiary of the, with SIDBI contributing 100% of the capital. Currently, MUDRA has an authorized capital of 1000 crores and a paid-up capital of 750 crore, which is fully subscribed by SIDBI. Additional capital infusion is anticipated to further strengthen the operations of MUDRA.

Role and Responsibilities

The primary role of MUDRA is to promote and provide refinancing support to financial institutes that lend to very small and small business entities involved in manufacturing, trading, and service activities within the micro-enterprises sector. In addition, MUDRA monitors the data of PMMY through its web portal, manages the facilitation of loan guarantees under PMMY, and performs any other assigned activities as required. In a short span of time of 3 years (2015-18) MUDRA has approved loans amounting to around 5.54 lakh crore, benefiting approximately 12.27 crore micro, medium and small entrepreneurs (Mudra.org, 2018).

Pradhan Mantri Mudra Yojana (PMMY)

Mudra Yojana, also referred to as the “Pradhan Mantri Mudra Yojana” (PMMY), is a prominent Government initiative designed to offer financial support and encourage entrepreneurship within MSME. Launched in April 2015, the yojana operates under the guidance of MUDRA, an apex financial institution for micro-enterprise development.

Objectives of PMMY Yojana

The primary objectives of MUDRA yojana are:

- Facilitating access to credit: The yojana aims to provide affordable and timely credit to MSEs for their growth and expansion.
- Promoting entrepreneurship: Mudra Yojana seeks to encourage individuals to become job creators by supporting their entrepreneurial ventures and fostering self-employment opportunities.
- Enhancing financial inclusion: By extending financial services to previously underserved sections of society, the yojana contributes to the goal of inclusive economic development.

Mudra Bank Schemes

Under PMMY, unsecured loans are provided to MSMEs for various purposes such as establishing new businesses (startups), investing in productive assets, and supporting service operations. These loans are classified based on loan amount and purpose for which the loan is being taken, with loans of maximum Rs. 50,000 for establishing new businesses falling under the Shishu category (infant),

loans from Rs. 50,000 up to Rs. 5 lakhs for supporting existing businesses categorized as Kishor (Youth), and loans up to Rs. 10 lakhs for financing expansions and diversification of existing businesses falling under the Tarun category (Young Adult). The details relating to the categories under MUDRA yojana are given below in Table 1. Besides offering affordable loans, MUDRA also offers following support:

- Through the micro-credit scheme, micro entrepreneurs can access loans up to Rs. 1 lakh to support their microenterprise activities.
- Under the refinance scheme programme, MUDRA provides refinancing support to institutions such as commercial banks, RRBs, and “Scheduled Cooperative Banks” (SCBs) against the MUDRA loans they have extended to microentrepreneurs.
- The women enterprises programme offers additional benefits, including reduced interest rates on loans availed by women entrepreneurs.
- In order to facilitate financing for microenterprises by banks, MFIs, and NBFCs, MUDRA also participates in loan securitization by acquiring their loan assets.

Table 1: Categories and Amount of Loan, Interest Rates and Repayment Period in PMMY

S. N.	Category	Amount	Purpose	Processing Fee	Rate of Interest	Repayment Period
1	Shishu	Up to Rs. 50,000	To set up new businesses	NIL	1-12%	5 Years
2	Kishore	From Rs. 50,001 to Rs. 5 Lakh	To support already existing businesses	NIL	Depends on Lending Institution	Depends on Lending Institution
3	Tarun	From Rs. 5 Lakh to Rs. 10Lakh	To finance growth, expansion or diversification of existing businesses	0.5%	Depends on Lending Institution	Depends on Lending Institution

To provide for the working capital needs of borrowers, MUDRA has introduced the MUDRA Rupay card in collaboration with the National Payment Corporation of India (NCPI). This card enables borrowers to withdraw funds from ATMs nationwide. The unique Borrower Identification Number (BIN) and Issuer Identification Number (IIN) on the MUDRA card facilitates the tracking of a borrower's credit history.

MUDRA also extends promotional and developmental support to borrowers. This support includes initiatives focused on skill development, entrepreneurship development, financial literacy, and other relevant areas aimed at fostering the progress and success of the businesses availing loans.

Under the PMMY, the government aims to cater to the non-corporate sector of small businesses, including small manufacturing units, fruit and vegetable vendors, shopkeepers, truck and taxi operators, and various other entrepreneurial ventures.

Supporting Institutions

MUDRA Bank operates by providing refinancing to supporting institutions also refereed as “Member Lending Institutions” (MLIs) rather than directly lending to borrowers. These include several “Commercial Banks” (public and private sectors), “Regional Rural Banks” (RRBs), “Non-Banking Finance Companies” (NBFC) and “Micro Finance Institutions” (MFI). Many of these institutions previously provided loans to the target segment under the

Priority Sector Lending (PSL) norms. The details of MLIs are given below:

“Commercial Banks” (CB’s)

“Commercial banks” have a critical role in the growth of financial system of any economy. They include both public and private sector banks, and regional rural banks. State cooperative banks having a wide geographical presence across the country are also included in commercial banks. Due to their extensive reach, commercial banks have been identified as an effective channel for disbursing MUDRA loans by government. These banks constitute a significant portion of MUDRA Bank loans.

“Regional Rural Banks” (RRBs)

“Regional Rural Banks” (RRBs) were established in 1975 specifically to address the financial requirements of rural areas. Small Finance Banks (SFBs) also act as supporting institutions and actively participate in the microfinance sector.

“Micro Finance Institutions” (MFI)

Microfinance has emerged as a significant catalyst for rural development in India, specifically aiding the economically disadvantaged in agriculture-related endeavors. The microfinance industry in India has seen considerable growth recently, evidenced by a significant increase in the number of organizations providing microfinance services. Microfinance institutions (MFIs) serve as crucial supporting entities, enhancing the overall effectiveness of the sector .and

attainment of the MUDRA Yojana objectives.

Non-Banking Finance Companies (NBFC)

Non-Banking Finance Companies (NBFCs) complement the banking sector by providing loans to both the corporatesector and small entrepreneurs, operating within both formaland informal sectors. The emergence of NBFCs hasintroduced competition to the banking industry, encouragingbanks to innovate their operations and upgrade their overall performance. NBFCs have made a substantial contribution to the success of MUDRA by extending loans and supporting its initiatives.

Benefits and Impact of Mudra Yojana

MUDRA Yojana has had several positive impacts on the Indian economy and society:

- Employment generation:** By promoting entrepreneurship and supporting micro-enterprises, the yojana has contributed significantly to job creation, particularly in rural and semi-urban areas.
- Financial inclusion:** Mudra Yojana has played a crucial role in bringing individuals from marginalized sections of society into the formal financial system, thereby enhancing financial inclusion.
- Economic growth:** The growth of micro-enterprises

supported by Mudra loans has contributed to overall economic growth, fostering a vibrant entrepreneurial ecosystem and strengthening the country's GDP.

- Women empowerment:** The yojana has specifically focused on empowering women entrepreneurs by providing them with easier access to credit, fostering gender equality, and encouraging women's participation in economic activities.

Literature Review

Mudra Yojana, a significant initiative of the Government, has garnered attention from researchers and intellectuals who have undertaken research studies to understand its impact, effectiveness, and implications. Various research studies (such as Hossain, 1998; Morris and Barnes, 2005) ^[7, 14] have been conducted to investigate the effect of micro-finance schemes on growth of small and medium businesses, financial inclusion, and overall economic growth. The literature review aims to provide an overview of academic work on MUDRA Yojana and highlight key findings and insights from these studies. The brief overview of available literature on the significance of financial inclusion, role of small units in a country's growth and examination of various Government schemes for the same are given in the following Table 2:

Table 2: Literature Review

Study	Main Findings
Lall, 2018 ^[10]	The study examined the performance of MUDRA in Uttarakhand state and concluded that the schemes fulfills the objective of providing loans to unfunded. However, it also revealed that the entrepreneurial activities and loan sanctions under MUDRA were adversely affected by demonetization and the implementation of GST, leading to a decline in economic growth within the state.
Kumar & Agarwal, 2018 ^[25]	The study examined the impact of Mudra Yojana in encouraging financial inclusion in India. It analyzes the impact of the yojana on enhancing access to credit for individuals in underserved regions and assesses its effectiveness in bridging the financial exclusion gap.
Rustagi & Ragabiruntha, 2018 ^[16]	This study examines the perspectives of Mudra Yojana beneficiaries on the scheme's impact on their socioeconomic development. It analyzes their experiences, challenges faced, and perceived benefits, providing insights into the scheme's effectiveness from the beneficiaries' viewpoint.
Srinivas, 2018 ^[21]	This research examined the role of Mudra Yojana in enabling women entrepreneurs. The study pointed out that it has played a vital role in promoting women's entrepreneurship, enhancing their financial inclusion, and contributing to their socioeconomic empowerment. It also emphasized the significance of tailored support and mentoring for women entrepreneurs to ensure their long-term success.
Gupta & Sharma, 2017 ^[5]	This study investigated the impact of Mudra Yojana on microenterprises in India. The findings suggested that the yojana positively influenced the growth, employment generation, and financial inclusion of microenterprises. However, it also highlighted the need for enhanced training and skill development programs to enhance the success rate of Mudra-funded enterprises.
Kumar, 2017 ^[9]	This research examined the impact of Mudra Yojana in fostering financial inclusivity through microfinance institutions (MFIs). The study revealed that Mudra loans facilitated the expansion of MFIs, enabling them to reach a larger number of unbanked and underserved individuals. It emphasized the importance of collaboration between MFIs and financial institutions to maximize the impact of Mudra Yojana in achieving financial inclusion goals.
Gupta & Sharma, 2017 ^[5]	The study analyzed the effectiveness of MUDRA schemes in addressing the financial challenges faced by both new and existing small businesses. The findings indicated that the schemes significantly assists MSMEs in obtaining loans without the need for collateral security, in a hassle-free borrowing process
Kumar R., & Prakash, 2017 ^[11]	The study examines the flaws and limitations of the existing microfinance institution (MFI) mechanisms in providing effective microfinancing. The study explored the potential impact of MUDRA in addressing these issues and how it could facilitate the regulation of MFIs so as to create a seamless and convenient process for small businesses to fulfill their financial needs.
Gupta, Matho, & Dubey, 2017 ^[6]	The study conducted a comprehensive analysis focusing on the performance, opportunities, and benefits of MUDRA. Their findings asserted that MUDRA has played a crucial role in driving the growth of small businesses in Jharkhand, making a significant contribution to their progress and development.
Kumar, 2017 ^[9]	The study analyzed the impact of Mudra Yojana in driving financial inclusion in rural areas of India. The study found that the yojana effectively bridged the financial gap by providing access to credit for rural entrepreneurs. It emphasized the importance of financial literacy programs to maximize the benefits of Mudra loans and ensure their sustainable utilization.
Godha & Nama,	The study examined the role played by MUDRA in improving financial inclusions in India. It found that

2017 ^[4]	MUDRA has significantly transformed the microfinance landscape and played a key role in supporting funding requirements of marginalized and low-income individuals. It recommended that steps should be taken to increase the number of loan approvals and ensure effective implementation of the program.
Ramesh, 2016 ^[15]	This research explored the impact of Mudra Yojana on rural entrepreneurship, particularly the agriculture sector. The study emphasized the constructive contribution of Mudra loans in supporting agriculture-based microenterprises, increasing agricultural productivity, and reducing rural-urban migration. It emphasized the need for tailored financial products and market linkages to further enhance the efficacy of Mudra Yojana in rural areas.
Roy, 2016 ^[17]	This study discussed the significant contribution of small businesses to the nation's GDP and the prominence of this sector as a strategic tool for fostering the expansion of small enterprises. It examined and appreciated MUDRA Bank for supporting and promoting small businesses.
Shahid & Irshad, 2016 ^[20]	The significance of small business units and self-employed individuals was examined in this study. The research focused on assessing the product offered under different schemes of MUDRA Bank and its performance specifically in the state of Karnataka and found these highly useful in providing support to small businesses.
Kumar, 2016 ^[26]	The study highlighted the significance of strengthening and supporting small businesses, which serve as the cornerstone of the economic growth. It acknowledges that numerous initiatives proposed in MUDRA are in the right direction to address this need.
Rudrawar & Uttarwar, 2016 ^[18]	The study findings suggest that the PMMY has the potential to bring about the desired transformation and act as a game-changer for the economy. By ensuring proper implementation and accessibility, with reduced documentation requirements, MUDRA can significantly contribute to the generation of employment, GDP growth, and entrepreneurship in the coming years.
Kumar, 2015 ^[27]	The study's findings indicate that microfinance plays a very important role in poverty alleviation, promoting women entrepreneurship, ensuring equal distribution of wealth, facilitating financial education, fostering financial inclusion, mobilizing savings, and contributing to economic growth.
Mehar, 2014 ^[13]	The study stressed that technological advancements in recent years have led to an increase in financial inclusion; however, there is still room for improvement. The government should take innovative measures to enhance financial access for marginalized sections of society and promote financial literacy in villages.
Chandraiah & Vani, 2014 ^[2]	The study examined the obstacles encountered by the MSMEs sector in Indian landscape and concluded that key obstacles include high costs associated with accessing credit, limited access to global credit, low levels of technology adoption, requirements for collateral security, and insufficient infrastructure facilities.
Kempson <i>et al.</i> , 2004 ^[8]	The study emphasizes that in recent decades, numerous countries have acknowledged the importance of an inclusive financial system and hence prioritized it as a policy objective. The study recognized the role of microfinance schemes in realizing the goal of financial inclusion at the micro level within an economy.

A review of available literature provide insights into various aspects of Mudra Yojana, including its effect on economic development, financial inclusion, skill development, rural entrepreneurship, and social impact.

Research Methodology

The study is based on analysis of secondary data available on MUDRA portal (www.mudra.org.in) and its annual reports. Data has also been collected from various journals, reports, newspaper articles and magazines. The study is descriptive and analytical in nature. The study is related to examination of Mudra Banks schemes only and time period is 2015-2018.

Data Analysis and Findings

Aggregate Performance of PMMY

PMMY has been envisaged to provide funding to unfunded sections of the society at reasonable interest rates, without requirement of any collateral security. Since its inception in 2015, it is enabling people to realise their dreams with availability of easy and soft loans and become masters of their own fate by becoming entrepreneurs. It has made remarkable growth till date. Total disbursement of loans under different MUDRA schemes since its inception is shown in Table 3.

Table 3. Loan Disbursements under PMMY

Year	No of Sanctioned Loans	Amount Sanctioned (in crores)	Amount Disbursed (in crores)	% Disbursements	% Growth in loan sanctions	% Growth in Amount sanctioned
2015-16	3,48,80,924	1,37,449.27	1,32,954.73	96.73	NA	NA
2016-17	3,97,01,047	1,80,528.54	1,75,312.13	97.11	13.82	31.34
2017-18	4,81,30,593	2,53,677.10	2,46,437.40	97.15	21.23	40.52
Total	12,27,12,564	5,71,654.91	5,54,704.26	97.03		

A detailed analysis of the data relating to the number of loans sanctioned and the total amount disbursed from 2015 to 2018 indicates significant advancements in the execution of MUDRA initiatives. These schemes have been instrumental in extending financial assistance to underprivileged communities, providing loans without the need for collateral and at favorable interest rates. Over the span of these three years, a total of 12.27 crore loans amounting to Rs. 5.54 lakh crores were disbursed, with an average loan size of Rs.

45,203. The loan disbursement ratio consistently exceeded 95% during this period, indicating the government's unwavering commitment to prioritize the allocation of funds for supporting aspiring entrepreneurs. The growth rate of MUDRA loans also witnessed a notable increase, reaching 21.23% in 2017-18 from 13.82% in 2016-17. The growth rate of MUDRA disbursements also increased to 40.52% in 2017-18 from 31.34% in 2016-17. This upward trend signifies the scheme's effectiveness in

facilitating entrepreneurship and empowering underprivileged individuals to earn a respectable livelihood.

Category wise performance

Under PMMY, loan is provided in three categories namely Shishu, Kishore and Tarun depending upon the need of the borrower, purpose of loan and stages of the business. Total disbursement of loans to these categories for the period under review is given in Table 4. An examination of the loans sanctioned and amount disbursed shows that the majority of the loans are given under the Shishu scheme which shows the intensity of disbursement of loans under PMMY. Over the years, loan disbursement under Kishore and Tarun schemes is increasing.

Figure 1 presents graphical depiction of category wise disbursement of loans in proportion to total under PMMY for the period 2015-18. The data reveals that over 40% of

the loans are allocated to the Shishu category, in tune with the government's commitment during the scheme's launch to provide ample loans to support individuals in establishing their businesses and foster entrepreneurship among aspiring youth. Average loan distribution to the Kishore and Tarun categories stands at approximately 30% and 23% respectively. As businesses become established, they will be a greater amount as additional funds to support expansion. Consequently, it is expected that the demand for loans in the other two categories will rise further in the future. The effect of the PMMY on women, new entrepreneurs, minorities and PMJDY account holders has been analyzed on two criteria: number of accounts and amount of loans distributed during the period under consideration. The number of loan accounts and amount distributed for each category has been given in Table 5.

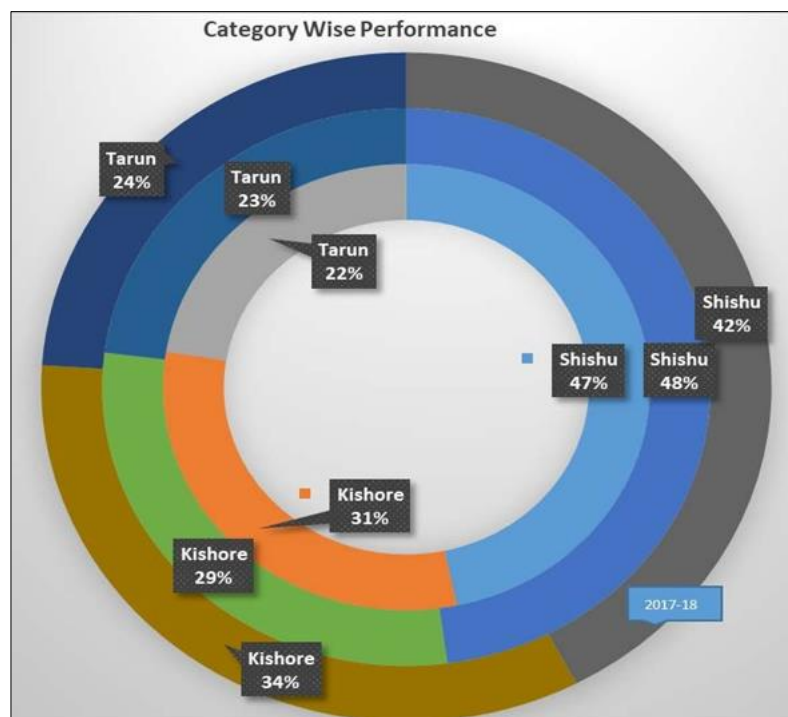


Fig 1: Category wise Performance of PMMY Schemes over the period 2015-18

Effect of PMMY schemes on Women, New Entrepreneurs and Minorities

Thorough examination of the data regarding loans granted and amount disbursed to women, new entrepreneurs, minorities and other unfunded sections of the country shows that PMMY is transforming the lives of these sections of society and assisting them realize their dreams of becoming

entrepreneurs by providing hassle free loans at very reasonable interest rates. The loans disbursements have shown growth rate of nearly 60% during the period 2015-17. However, there is decline in loan granted to PMJDY account holders and Mudra Card holders. There is need to delve into the matter and examine the reasons for the same.

Table 4: Loan Disbursements under different categories of PMMY

Year	Shishu (Loans up to Rs. 50,000)		Kishore (Loans from Rs. 50,001 to Rs. 5.00 Lakh)		Tarun (Loans from Rs. 5 - 10 Lakh)		Total	
	No of A/Cs	Disbursement Amt	No of A/Cs	Disbursement Amt	No of A/Cs	Disbursement Amt	No of A/Cs	Disbursement Amt
2015-16	32401046, (92.89%)	62027.69, (46.65%)	2069461, (5.93%)	41073.28, (30.39%)	410417, (1.18%)	29853.76, (22.45%)	34880924	132954.73
2016-17	36497813, (91.93%)	83891.83, (47.85%)	2663502, (6.71%)	51063.12, (29.13%)	539732, (1.36%)	40357.13, (23.02%)	39701047	175312.13
2017-18	42669795, (88.65%)	104228.05, (42.29%)	4653874, (9.67%)	83197.09, (33.76%)	806924, (1.68%)	59012.25, (23.95%)	48130593	246437.4
Total	111568654, (90.91%)	250147.62, (45.09%)	9386837, (7.65%)	175333.49, (31.61%)	1757073, (1.43%)	129223.14, (23.29%)	122712564	554704.26

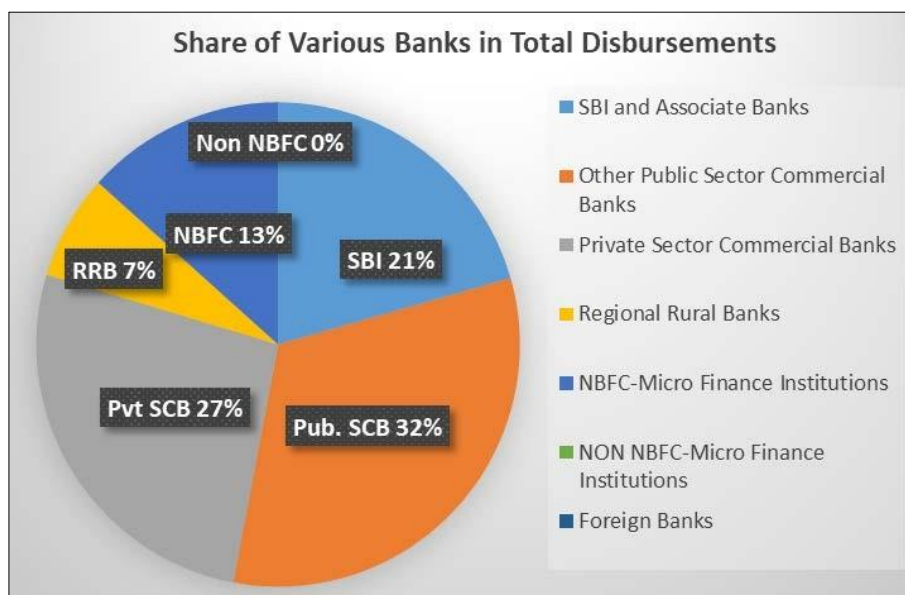
Table 5: Loan Disbursements under PMMY schemes to Women, New Entrepreneurs, Minorities and other Uninsured Sections

Category	2015-16		2016-17		2017-18		% Growth in Accounts	% Growth in Disbursements
	No of A/Cs	Disbursement Amt	No of A/Cs	Disbursement Amt	No of A/Cs	Disbursement Amt		
Women Entrepreneurs	27628265	63190.43	29146894	78249.77	33558233	100170.55	21.46	53.52
New Entrepreneurs	12474668	58908.05	9989470	69973.96	12559327	93656.61	0.68	58.99
Minority	4088210	13560.3	5154551	19474.2	5270095	23155.33	28.91	70.76
PMJDY Account	2417219	274.02	1423715	312.62	423046	37.90	-52.50	-56.17
Mudra card	517456	1391.25	183924	1515.84	152464	1425.48	-70.54	2.46
Total	47125818	137324.08	45898554	169526.39	51963170	218445.87	10.26	59.07

Bank Wise Performance of MUDRA Schemes

MUDRA bank does not provide loans directly to the entrepreneurs. It refinances the loans to supporting institutions called Member Lending Institutions (MLIs) who are the providers of loans under MUDRA schemes. These include several Commercial Banks (both public and private sectors), Regional Rural Banks, Micro Finance Institutions, and Non-Banking Finance Companies. Overall share of banks in total amount disbursed during the period 2015-18 is shown in figure 2. An analysis of the amount of loans disbursed by various banks under MUDRA schemes shows

that public and private sector occupy a major share in the loan disbursements. State Bank of India and other public sector banks together have a share of 53% in total disbursements where as private sector banks provide 27% of total loans. Share of RRBs and NBFC MFIs is 7% and 13% respectively. Share of non NBFC MFIs and foreign banks is almost negligible. Therefore these banks are required to be involved to greater degree to reach out to poor sections of the society.

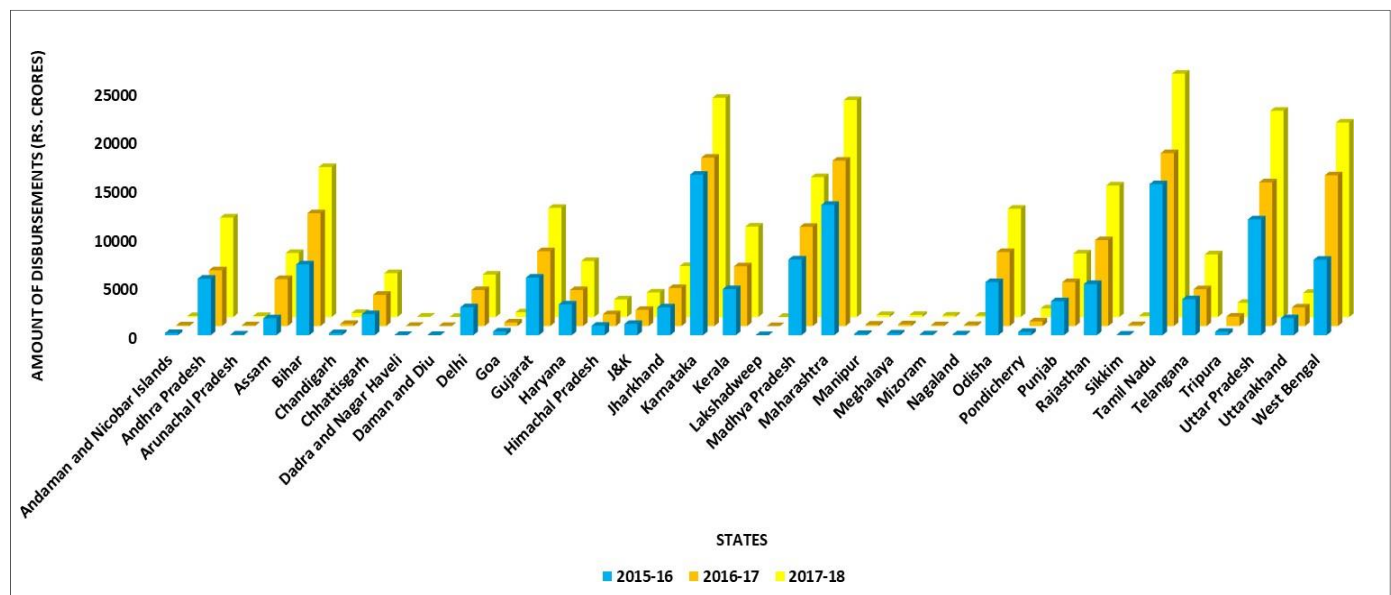
**Fig 2:** Share of Various Banks in Total Disbursements

Details of the loans sanctioned and loan amount disbursed by various banks is given in Table 6. Loan disbursements by public sector commercial banks have seen tremendous growth over the period of study. Loans sanctioned by private sector commercial banks has reduced during the stated period though loan disbursements have increased over

time. Role of State Co-operative Banks cannot be ruled out in progress and expansion of businesses and industries in any state however share of loan disbursements by State Co-operative Banks foreign banks and is very negligible. There is need to check reasons for the same.

Table 6: Bank Wise Performance of MUDRA Schemes

Bank	2015-16		2016-17		2017-18		Total		% Share of Bank Accounts to Total	% Share of Banks in Total Disbursements	% Growth in Accounts	% Growth in Disbursement	Average Loan Disbursement
	No. of Accounts	Rs Cr	No. of Accounts	Rs Cr	No. of Accounts	Rs Cr	No. of Accounts	Rs Cr					
SBI and Associate Banks	1300589	16999.82	1355806	22385.02	1410005	28563.12	4066400	67947.96	7.21	20.59	8.41	68.02	167096
Other Public Sector Commercial Banks	160041	1768	3456331	46063.3	3723669	59067.37	7340041	106898.67	13.01	32.39	2226.70	3240.91	145638
Private Sector Commercial Banks	23050447	0	0	38772.77	0	49275.43	23050447	88048.2	40.86	26.68	-100.00	NA	38198
Regional Rural Banks	0	0	8821464	9667.36	10456474	13448.87	19277938	23116.23	34.18	7.00	NA	NA	11991
NBFC-Micro Finance Institutions	0	44026.06	233	0	295	0	528	44026.06	0.00	13.34	NA	-100.00	83382
Non NBFC-Micro Finance Institutions	0	0	1271253	0	1400701	0	2671954	0	4.74	0.00	NA	NA	0
Foreign Banks	0	0	0	14.78	0	17.52	0	32.3	0.00	0.01	NA	NA	NA
Total	24511077	62793.88	14905087	116903.23	16991144	150372.31	56407308	330069.42	100.00	100.00	-30.68	139.47	58515

**Fig 3: State Wise Performance**

State Wise Performance of MUDRA Schemes

To examine the success of MUDRA schemes at the micro level in India, the study examined the loans disbursed by different states under these schemes from 2015 to 2018. The analysis has considered two key factors: the number of loan accounts opened and the volume of loans disbursed. Table 7 presents the specific details regarding the number and value of loans disbursed by various states during the specified period.

According to the data presented in Table 7, states and union territories such as Kerala, Arunachal Pradesh, Assam, Nagaland, Dadra and Nagar Haveli, and Sikkim have exhibited highly positive growth rates, indicating their successful utilization of the schemes. Uttar Pradesh, Karnataka, West Bengal, Bihar and Maharashtra, have accounted for nearly 10% of the total loan sanctions. On the other hand, states and union territories like Daman Diu, Andaman and Nicobar Islands, Goa, and Lakshadweep have shown negative growth rates in this context.

States such as Manipur and Mizoram, which are

characterized by high poverty rates, exhibit satisfactory growth rates. However Union Territories like Andaman and Nikobar Islands and Lakshadweep have very low or negative growth rate. While the government aspires to extend funding opportunities to underserved segments of society, the attainment of this objective relies on ensuring that states with impoverished and marginalized communities can access the benefits and provide loans to their residents, thereby fostering entrepreneurship and economic empowerment.

Summary and Implications

Mudra Yojana (PMMY) has emerged as a game-changer in India's efforts to promote entrepreneurship and foster the growth of micro-enterprises through financial inclusion. Since its launch, Mudra Yojana has witnessed significant reach and impact. The yojana has empowered millions of entrepreneurs by providing collateral-free loans at reasonable rates to underprivileged segments of society as they mostly faced problems due to the lack of collateral

security. By extending financial assistance, it has created opportunities for self-employment. It has facilitated job creation, particularly in rural and semi-urban areas, contributing to a more sustainable and inclusive economy. PMMY has also been successful in promoting entrepreneurship among women, minorities and new entrepreneurs. By providing hassle free credit at affordable rates and fostering supportive ecosystem, the PMMY has encouraged women to become entrepreneurs.

This has not only enhanced their economic independence but also contributed to women empowerment and gender equality. By providing credit facilities to previously underserved sections of society, such as women entrepreneurs, individuals from marginalized communities, and rural entrepreneurs, the yojana has been instrumental in bridging the financial gap and promoting inclusive economic development.

Table 7: State Wise Performance of MUDRA Schemes: Number of Accounts Opened

State Name	2015-16	2016-17	2017-18	Total	% of Total	Growth (%) Rate
Andaman and Nicobar Islands	24719	3353	3829	31901	0.03	-84.51
Andhra Pradesh	795688	587569	801845	2185102	1.78	0.77
Arunachal Pradesh	4625	6109	11004	21738	0.02	137.92
Assam	427272	1255754	1713004	3396030	2.77	300.92
Bihar	2451439	3756716	4314861	10523016	8.58	76.01
Chandigarh	22605	19039	18257	59901	0.05	-19.23
Chhattisgarh	639711	884941	962079	2486731	2.03	50.39
Dadra and Nagar Haveli	1236	2587	3408	7231	0.01	175.73
Daman and Diu	1109	774	1086	2969	0	-2.07
Delhi	394398	224975	241797	861160	0.7	-38.69
Goa	45471	31289	39397	116157	0.09	-13.36
Gujarat	1086407	1103453	1501226	3691086	3.01	38.18
Haryana	745535	716622	786323	2248485	1.53	5.47
Himachal Pradesh	85564	82851	91992	260407	0.21	7.51
J&K	57974	89712	103125	250811	0.2	77.88
Jharkhand	872868	1023593	1212671	3109132	2.53	38.93
Karnataka	4459609	3933578	4568493	12961680	10.56	2.44
Kerala	830411	982260	2289805	4102476	3.34	175.74
Lakshadweep	740	473	1044	2257	0	41.08
Madhya Pradesh	2511191	2683052	2899123	8093366	6.6	15.45
Maharashtra	3535065	3344154	3596620	10475839	8.54	1.74
Manipur	24021	21865	33186	79072	0.06	38.15
Meghalaya	19151	23915	28846	71912	0.06	50.62
Mizoram	7772	6973	12400	27145	0.02	59.55
Nagaland	5134	11051	14141	30326	0.02	175.44
Odisha	2343261	2606769	3470312	8420342	6.86	48.1
Pondicherry	82866	130360	150477	363703	0.3	81.59
Punjab	653973	705569	819836	2179378	1.78	-25.36
Rajasthan	1159819	1204837	1746748	4111404	3.35	30.61
Sikkim	6889	19865	21583	48342	0.04	213.37
Tamil Nadu	4781567	5309857	5860165	15951589	13	22.56
Telangana	400761	482694	789315	1672770	1.36	96.95
Tripura	68146	253807	399299	721252	0.59	485.95
Uttar Pradesh	3345382	3337547	4401217	11084146	9.03	31.56
Uttarakhand	360007	286579	254733	901369	0.73	-29.23
West Bengal	2628548	4566505	4967236	12162339	9.91	88.97
Total	34880924	39701047	48130593	122712564	100	37.99

Table 8: State Wise Performance of MUDRA Schemes: Amount Disbursed

State	Disbursement Amt (in Cr.)				% of Total	Growth Rate (%)
	2015-16	2016-17	2017-18	Total		
Andaman & Nicobar Islands	212.78	78.34	100.26	391.38	0.07	-52.88
Andhra Pradesh	5790.79	5731.8	10214.1	21736.69	3.92	76.39
Arunachal Pradesh	71.62	78.67	103.27	253.56	0.05	44.19
Assam	1728.46	4824.54	6570.32	13123.32	2.37	280.13
Bihar	7265.91	11585.63	15396.75	34248.29	6.17	111.9
Chandigarh	204.52	221.26	409.15	834.93	0.15	100.05
Chhattisgarh	2156.14	3209.86	4501.48	9867.48	1.78	108.77
Dadra and Nagar Haveli	21.27	22.61	36.3	80.18	0.01	70.66
Daman and Diu	12.02	12.08	22.56	46.66	0.01	87.69
Delhi	2857.97	3700.51	4357.35	10915.83	1.97	52.46
Goa	376.04	372.78	484.45	1233.27	0.22	28.83
Gujarat	5910.02	7692.07	11202.52	24804.61	4.47	89.55
Haryana	3152.62	3697.59	5745.03	12595.24	2.27	82.23
Himachal Pradesh	965.7	1214.02	1801.44	3981.16	0.72	86.54
J&K	1152.15	1663.51	2514.84	5330.5	0.96	118.27
Jharkhand	2845.66	3908.99	5233.05	11987.7	2.16	83.9
Karnataka	16469.43	17290.7	22500.67	56260.8	10.14	36.62
Kerala	4727.38	6140.44	9282.57	20150.39	3.63	96.36
Lakshadweep	5.35	4.51	11.53	21.39	0	115.51
Madhya Pradesh	7769.29	10191.91	14357.52	32318.72	5.83	84.8
Maharashtra	13372.42	16976.76	22266.2	52615.38	9.49	66.51
Manipur	120.03	142.47	200.68	463.18	0.08	67.19
Meghalaya	162.41	185.74	212.04	560.19	0.1	30.56
Mizoram	77.78	90.31	152.9	320.99	0.06	96.58
Nagaland	76.54	103.83	124.61	304.98	0.05	62.8
Odisha	5436.26	7600.68	11115.88	24152.82	4.35	104.48
Pondicherry	331.91	485.49	881.77	1699.17	0.31	165.67
Punjab	3484.49	4512.28	6524.12	14520.89	2.62	87.23
Rajasthan	5248.28	8823.3	13503.76	27575.34	4.97	157.3
Sikkim	54.61	96.54	112.65	263.8	0.05	106.28
Tamil Nadu	15496.86	17756.39	24980.92	58234.17	10.5	61.2
Telangana	3694.34	3780.49	6430.81	13905.64	2.51	74.07
Tripura	337.26	968.55	1460.6	2766.41	0.5	333.08
Uttar Pradesh	11880.93	14753.59	21174.46	47808.98	8.62	78.22
Uttarakhand	1745.08	1913.88	2480.09	6139.05	1.11	42.12
West Bengal	7740.41	15480.03	19970.76	43191.2	7.79	158.01
Total	132954.73	175312.13	246437.4	554704.26	100	85.35

Challenges and Way Forward

PMMY has played a transformative role in providing financial assistance and promoting inclusivity, leading to the empowerment of numerous individuals and driving economic development nationwide. Despite the significant success of Mudra Yojana, there are certain challenges which requires attention, such as credit risk, loan repayment defaults, the need to enhance entrepreneurial skills among marginalized sections of society, and the establishment of effective support mechanisms. In light of these challenges, the study puts forth the following recommendations:

- a) Setting up credit risk management systems: Establishing robust evaluation and monitoring mechanisms to effectively

manage credit risks and prevent defaults is vital for the long-term sustainability of the scheme.

- b) Providing opportunities for skill enhancement and training: Offering comprehensive training and skill development programs to micro-entrepreneurs can enhance their business acumen and overall enterprise viability.
- c) Strengthening support infrastructure: Developing resilient support systems, such as mentoring, counseling, and facilitating market linkages, can further augment the success rate and growth potential of Mudra-funded enterprises.

Addressing these challenges necessitates the implementation of training programs, provision of mentoring support, and

policy intervention. As Mudra Yojana continues to evolve, its impact is anticipated to expand further, particularly with the ongoing emphasis on digitalization and technology-driven solutions. The yojana has the potential to drive economic growth, generate employment opportunities, and foster an entrepreneurial ecosystem that empowers individuals across diverse sectors and regions in the economy. Consequently, it will lead to sustainable and inclusive economic development in India. However, concerted efforts to tackle challenges and strengthen support systems will be crucial for ensuring the sustained success and impact of Mudra Yojana in the years to come.

Implications and Future Directions

The current research study offers valuable perspective on the impact and effectiveness of Mudra Yojana. The findings emphasize the scheme's positive outcomes, promoting entrepreneurship, generating employment, fostering financial inclusion, and empowering individuals socioeconomically to name a few. However, it is crucial to address issues relating to credit risk management, skill development, and the provision of supportive infrastructure. The research work contributes to the existing knowledge on Mudra Yojana and provide valuable recommendations to policymakers and stakeholders, enabling them to enhance the scheme's impact and extend its reach.

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