

PERFORMANCE EVALUATION OF PMMY

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Abstract

PMMY is a scheme designed by the GOI to provide financial assistance to the weaker section of the society. The main objective of this research endeavour is to evaluate the performance of PMMY from FY 2015-16 to FY 2021-22. The scheme was designed for the weaker section that directly cannot access the banking facilities, MUDRA provide all sought of financial assistance. The economy has faced a largest financial jerk during covid19, the paper will try to highlight the effectiveness of the scheme before and after the covid19 recovery and its contributions as financial support in handholding, capacity building and support to micro enterprise.

Methodology– The present study is based on the annual reports of published by MUDRA. After giving a brief overview of PMMY and its performance during the period under consideration, the paper evaluates the growth took place over the years.

Findings – The researches outcomes presented in the present study mainly concluded that during last five years i.e. from FY 2015-16 to FY 2021-22, PMMY played a key role in ensuring adequate focus on micro-enterprises and continued to boost the culture of entrepreneurship in India. The scheme has been successful in increasing opportunities for credit requirement and refinance over the years since its inception. It was found that the largest growth in terms of loan sanctioned since 2015 till 2022 had been by NBFCs followed by Private Sector Banks. The contribution of PMMY in empowering women is also praiseworthy. It is perceived that financing through PMMY has expanded towards positive heading and a lot of youth has been joining the formal financial system as emerging entrepreneurs. Thus, it can be concluded that if the scheme is implemented properly it may prove as a game changer in extending financial inclusion in the country and a booster for the economy as a whole.

Keywords - *PMMY, MUDRA, Non Corporate Small Business, MSME*

Introduction

India is a developing nation, to strengthen the make in India movement GOI has taken several initiatives in the form of several schemes to provide grants to central and state units. Such schemes has taken several initiatives for uplifting the poor section of society to reduce the inadequacies in terms of financial resource or the issues like unemployment, lack of skills, issues at the end of technology etc. Launched in 2015 PMMY scheme was started 7 years back and made a successful attempt in many ways. PMMY is also a support to Startup India or Stand out India schemes which is specifically initiated for young entrepreneurs. There are several types of beneficiaries need support in form of establishing enterprise like – kirana shop, small enterprise, Gym, Salon, farming activities, textile services, handloom services, buying e-riksha or any transportation vehicle, manufacturing food products like papad, pickle, jelly and sweets along with any kind of canteen or catering services. The scheme has provided the 18.91 lkh cr in loan to 34.93 cr loan accounts benefiting the borrowers from the weaker section. The PMMY has extended its support to 10 states of India in which West Bengal has taken a highest advantage of 29335.98 cr to 34893 cr. The basic areas covered under this are are Micro Credit scheme, Women enterprising program, refinancing schemes, Mudra overdraft, credit guarantee and equipment financing scheme.

The PM's Mudra Scheme brings the Micro enterprises within the formal financial system and extends affordable credit to them, with interventions named 'Shishu', 'Kishor' and 'Tarun' through Banks, Non-Banking Finance Companies (NBFCs) and Micro-Finance Institutions (MFIs). Through this ambitious scheme the government aims to develop a system where formal channels of finance becomes easily accessible to these small entities who will no more be discouraged on account of their scale and size. This scheme has been welcomed as an advance step for encouraging existing MSMEs and for promoting entrepreneurship and self-employment in the country.

Objectives of the Study The present study is undertaken to achieve the objective

1. To evaluate the performance of PMMY from FY 2015- 16 to FY 2021 -22.
2. To understand the objectives and benefits of the scheme.

Research Methodology - The present study is descriptive and empirical in nature as it evaluates the performance of PMMY during past years. Annual reports and secondary data available at official website of MUDRA and other Government publications, journals, research publications, and internet sources were used as secondary sources of data to fulfil the above mentioned objectives. The period of the study covers FY 2015-16 to FY 2021-22.

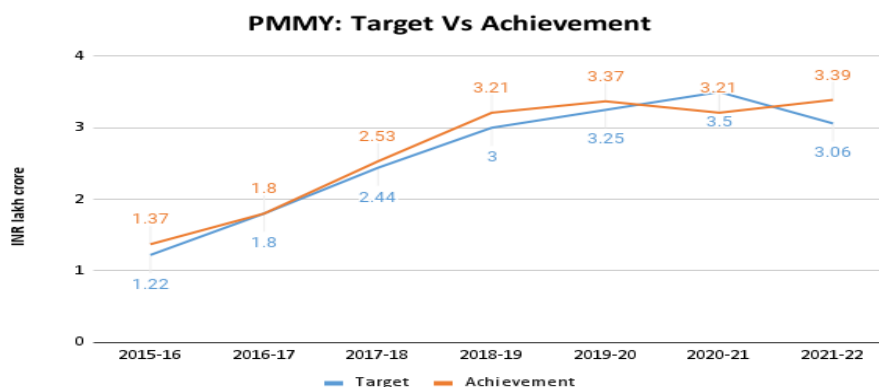


Framework of MUDRA J&K Convener

Review on Evaluation of Performance of PMMY from FY 2015-16 to FY 2021-22

During FY 2021-22, MUDRA sanctioned large amount of loan to young and women entrepreneurs. The Lending Institutions under PMMY including, Public Sector Banks, Private Sector Banks, Regional Rural Banks, Small Finance Banks, Micro-Finance Institutions (MFIs) and Non-Banking Financial Companies (NBFCs) together performed well and have exceeded the annual targets set out by the Government of India every year.

To mitigate the effect of covid19 the interest subvention scheme was launched this was provided to the entire shishu loan payee.



PMMY Achievement vs. Target

Source: Annual Report of Mudra 2015 to 2022 and Trade council of india report.

The detail analysis of progress achieved under PMMY has been mentioned in the following sections- the data indicates the 5% growth in overall performance of the scheme. As the more disbursement was done by NBFC, MFi and SFBs, However the disbursement was even done from public and private sector banks.

Category	2022 yr		2021 to		Cumulative of 7 years since inception	
	No. of account	Amount sanctioned	Amount disbursed	No. of accounts	Amount sanctioned (rs cr)	Amount Disbursed(rs cr)
SHISHU	41721154	124747	123969	29,94,58,353	7,94,572	7,85,188
	78%	37%	37%	86%	42%	43%
KISHORE	1,10,88,206	137644	133389	4,30,39,085	6,53,456	6,27,257
	21%	41%	40%	12%	35%	34%
TARUN	9,86,166	76719	74044	68,53,997	4,43,685	4,26,911
	2%	23%	22%	2%	23%	23%
TOTAL	5,37,95,526	339110	331402	34,93,51,435	18,91,712	18,39,357
Out of the above						
women	38429259	166422	164442	23,82,32,171	8,41,669	8,06,422
	71%	49%	50%	68%	44%	44%
New entrepreneur	6530351	72685	69000	7,46,02,102	5,93,377	5,66,865
	12%	21%	21%	21%	31%	31%
SC/ST/OBC	27801387	125226	123409	17,76,81,351	6,50,759	6,36,078
	52%	37%	37%	51%	34%	35%

TABLE 1 Source : MUDRA annual report 2015 to 2022.

The loan disbursement is done in three categories: Shishu, Kishore and Tarun

Category	FY 2021 - 22		FY 2020 - 2021		% Change
	No. Of loan accounts	Sanction amount	No. Of loan account	Sanction amount	Sanction amount
Shishu	41721154	12475737	40180115	109953.34	12%
	77.60%	36.79%	79.20%	34%	
Kishore	11088206	137644.38	9486160	132516.34	4%
	20.60%	40.59%	18.70%	41%	

Tarun	986166	76718.61	1068771	79289.57	3%
	1.80%	22.62%	2.10%	25%	
Total	53795526	339110.35	50735046	321759.25	5%

TABLE 2 Source: Annual report of Mudra 2021-2022

PMMY disburse the loan in categories, Mudra loans are extended in three categories based on the size of the loans. They are Shishu, Kishor and Tarun of which, Shishu loan had the highest score in year 2020- 21 and however the rise in kishore is 4% and a drop of 3% was observed in tarun. The loan amount sanctioned is also increased from 1.33 lakh crores (2015-16) to about 3.3 lakh crores (2021-22). Number of loan accounts opened under Shishu scheme has shown an increase over the last year while, Kishor and Tarun schemes showed a decline. The shishu hold maximum loan accounts and disbursement was even successful.

Loan Distribution by Agencies involved under PMMY

The rate of growth in terms of loan amount sanctioned and loan disbursement varies amongst the agencies involved. Here, the amount of loan sanctioned by each institution under the scheme has been considered to assess their performance over the last seven years. The data mentioned in the table-3 shows that Public Sector Banks and RRB have sanctioned maximum number of loans. A decline is visible in PVT and SFB however a good rise of disbursement in NBFC is visible.

Table 3
Agency wise Loan Amount Sanctioned
(2015-16 to 2021-22)

Type of Agencies	Loan Amount Sanctioned (Rs. in crore)						
	2015-16	2016-17	2017-18	2018-19	2019 - 2020	2020-2021	2021-2022
PSB +RRB	2671.25	2068.52	4072.48	4329	2244	10479.65	11807.87
PVT + SFB	0	0	1350	1470	265	947	708.28
MFI	616	787	369.5	314	932	508.5	705
NBFC	0	399	1005	708	559	367.5	1965
PTC	49.95	271.42	704.07	309.46	0	0	66.66
Total	3337.20	3525.94	7501.05	7130.46	4000.0	12302.65	15252.81

Source: from Annual Reports of Mudra Loan. (2015-16 to 2021 to 2022)

It also shows that there has been a rise in the amount sanctioned by public sector banks from FY 2015-16 to FY 2021-22. NBFCs have shown the highest increase in the amount of loan sanctioned since its inception.

Other benefits of MUDRA: With the framework of overall objectives of the PMMY scheme few more products are offered by PMMY to support microenterprise sector and for the entire business entrepreneur segment. Micro credit scheme loan up to 1 lakh, regional schemes for refinancing through NBFC, RRB and commercial banks. Providing Mudra Loan to buy vehicles, Community Activities, Food sector Products, Business loan for traders, equipments schemes etc, Providing Mudra Card, NRLM, and Imparting Financial Literacy at demand side and financial inclusions at supply side. Portfolio guaranty for micro credits.

Conclusion

During last five years i.e. from FY 2015-16 to FY 2021-22, PMMY played a key role in ensuring adequate focus on micro-enterprises and continued to boost the culture of entrepreneurship in India. It is a one of the flagship schemes of GOI which aimed to “funding the unfunded” and to improve the economic status of weaker sections of the country. PMMY as a tool of Financial Inclusion has been successful in increasing opportunities for credit requirement and refinance over the years since its inception. Amongst all the agencies, public sector banks have sanctioned the highest amount of loans however; the growth in its share has been constantly decreasing over the years. Further, it was found that the largest growth in terms of loan sanctioned since 2015 till 2022 had been by NBFCs followed by Private Sector Banks. The contribution of PMMY in empowering women is also praiseworthy. It is perceived that financing through PMMY has expanded towards positive heading and a lot of youth has been joining the formal financial system as emerging entrepreneurs. Thus, it can be concluded that if the scheme is implemented properly with a view to attain its objectives fully, it may prove as a game changer in extending financial inclusion in the country and a booster for the economy as a whole.

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