



A Study and Review of Pradhan Mantri Mudra Yojana

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ABSTRACT

It is the second largest sector engaging in small business after agriculture. The Large number of low income group people is interested to setup in small enterprise but they are unable to start the business due to their financial problems. After Knowing the importance of self employment and small business units, Govt. of India launched Pradhan Mantri MUDRA Yojana (PMMY), lack of financial access and technologies barriers. Government of India came up with MUDRA loans in 2015 to support these enterprises by giving collateral free loans. The Schemes has been successful in providing loans to MSME sector.

Key Word : Mudra, Impact, Employment, Small Enterprise, , Importance

INTRODUCTION

Pradhan Mantri MUDRA Yojana (PMMY) is a scheme launched by the Hon'ble Prime Minister on April 8, 2015 for providing loans up to 10 lakh to the non-corporate, non-farm small and micro enterprises. These loans are classified as MUDRA loans under PMMY. These loans are given by Commercial Banks, RRBs, Small Finance Banks, MFIs and NBFCs. The borrower can approach any of the lending institutions mentioned Apply online through this portal www.udyamimitra.in. Under the Pradhan Mantri MUDRA Yojana has created three products namely 'Shishu', 'Kishore' and 'Tarun' to signify the stage of growth and development and funding needs of the beneficiary micro unit entrepreneur and also provide a reference point for the next phase of graduation growth

LOAN AMOUNT OFFERED BY MUDRA SCHEME

1. **SHISHU** – For loan amount up to Rs. 50,000
2. **KISHORE**- For loan amount from Rs. 50,001- Rs 5

lakhs

3. **TARUN**- For loan amount more than 5 lakhs and up to Rs 10 lakhs

Loan Scheme	Eligibility
SHISHU Loan	For start-ups and new businesses loans up to Rs. 50,000 can be availed under the Mudra Shishu Loan scheme.
KISHOR Loan	For buying equipments, new machinery or raw materials existing enterprises can get loans ranging from Rs. 50,001 to Rs. 5,00,000 under the Kishor Loan Scheme.
TARUN Loan	For established businesses and enterprises loans ranging from Rs. 500,001 to Rs. 10,00,000 are available under Tarun Loan Scheme.

Who can borrow- Any businessperson or business who/which has not been a defaulter on any loan repayment previously is eligible to borrow under the PMMY (Pradhan Mantri MUDRA Yojana). Thus individual business owner, private limited companies,

public sector companies, proprietary firms or any other legal business entity can apply for the Mudra loan.

Maximum Tenure– As per existing rules of the PMMY, the maximum repayment period for a MUDRA loan can extend to 5 years, however, the repayment period can be shorter if the lender decides so while sanctioning the loan

Purpose of Loan assistance- The Mudra loans are provided for income generating small business activity in manufacturing, processing, service sector or trading. The Project cost is decided based on business plan and the investment proposed. MUDRA loan is not for consumption/personal needs.

ABOUT MSME

In India, MSMEs contribute nearly 8% of the country's GDP, around 45% of the manufacturing output, and approximately 40% of the country's exports. It won't be wrong to refer them as the 'Backbone of the country.'

The Government of India has introduced **MSME or Micro, Small, and Medium Enterprises** in agreement with Micro, Small and Medium Enterprises Development (MSMED) Act of 2006. These enterprises primarily engaged in the production, manufacturing, processing, or preservation of goods and commodities.

MSMEs are an important sector for the Indian economy and have contributed immensely to the country's socio-economic development. It not only generates employment opportunities but also works hand-in-hand towards the development of the nation's backward and rural areas. According to the annual report by the Government (2018-19), there are around 6,08,41,245 MSMEs in India

OBJECTIVES OF THE STUDY

1. To study the status of Mudra loans in Telangana
2. To study the benefits of mudra yojana
3. To study the Mudra Loan Categories Wise Sanctioned to micro enterprises

REVIEW OF LITERATURE

1. Anup Kumar Roy (2016) explains the MUDRA Yojana is the latest scheme to boost the small and micro business in India. MUDRA as a financial tool is found very effective in its initial stages across the country. This will surely make a dramatic change and will help in making a

developed India.

2. Venkatesh J. and Kumari R. L. (2015) They throw light on that Government of India started MUDRA scheme to formally support small scale enterprises. So, that they can participate in financial activities and directly contribute to Indian economy. The Mudra scheme is trying to improve the status of women and other backward sections of the society. The financial support encouraging them to start new ventures and thereby empowering them. Its impact in developing a strong economy will be seen in the coming years.

3. Aparana (2016) expressed that the focus of MUDRA scheme is to 'Fund the Unfunded'. It is expected that the MUDRA scheme will fulfill the financial needs of 5.77 crores small business (according to NSSO in 2015) who are spread throughout the boundaries of the country. The study is examined to get an overview of the MUDRA scheme adopted in the country to know the roles and responsibilities of MUDRA scheme for small and micro business and to analyze the impact of MUDRA scheme over the India economy

4. Kumari Seema (2015) in her research paper explains the offerings like Micro Credit Schemes (MCS), refinancing to RRBs/cooperative banks and impact of MUDRA to Indian economy. The paper attempts to find out the scheme offered by MUDRA under PMMY and their impacts. The study finds that it enhances liquidity of Indian economy, increases the production capacity, creates employment opportunities, increases share in GDP and helps in women empowerment

BENEFITS OF MUDRA LOAN UNDER PMMY

The Mudra loan scheme offers credit facilities to MSMEs engaged in manufacturing, trading and service sector activities. These are currently the main areas of income generation. One of the key benefits is that borrowers are not required to provide security or collateral. Additionally, there are no processing charges on Mudra loans. Furthermore, the loans are covered under the [Credit Guarantee Scheme](#).

1. The credit facilities extended under the PMMY can be used for a variety of purposes. The credit from Mudra loans can be used for term loans, overdraft facilities, or to apply for letters of credit and bank guarantees.
2. Business owners belonging to SC/ST get special concessions on their interest rates if they avail a MUDRA loan.
3. Select from flexible terms plans; you can also shorten the loan term to reduce the monthly premiums
4. Loans for emerging startups can help entrepreneurs secure the funding they need

5. You will also receive a Mudra debit card, so you can manage your finances without having to go to the bank
6. As the scheme comes under the Pradhan Mantri Jan Dhan Yojana, you can get an overdraft of Rs. 5,000
7. The government is responsible for paying the loan in the event of default
8. Business owners can set up, flourish, and grow their businesses to new heights with these loan facilities

LIST OF BENEFICIARY OF PM-MUDRA SCHEME IN TELANGANA

Amount: In Crores

Year	Sishu			Kishore			Tarun		
	No.of Sanctions	Sanctioned amount	Disbursed amount	No.of Sanctions	Sanctioned amount	Disbursed amount	No.of Sanctions	Sanctioned amount	Disbursed amount
18-19	786781	2240.39	2231.33	161329	3035.29	2969.32	34094	2503.95	2460.24
19-20	1213412	3722.14	3707.55	176702	2768.75	2693.94	45512	2637.35	2585.34
20-21	443057	737.32	696.04	150057	3099.52	3010.97	43105	3111.05	3058.02
21-22	356919	974.18	953	139872	2506.15	2435.63	36754	2688.52	2621.84

LOAN CATEGORY ANALYSIS

1) Mudra loans are extended in three categories based on the size of the loans. They are Shishu (up to ` 50,000), Kishor (above ` 50,000 and up to ` 5 lakh) and Tarun (Above ` 5 lakh and up to ` 10 lakh). The share of the three categories of PMMY has been analysed and is given below in the table:



	FY 2021-22		FY 2020-21		% change
	No. of loan accounts Share	Sanction Amt. Share	No. of loan accounts Share	Sanction Amt. Share	(Sanction amount)
Shishu	4,17,21,154	1,24,747.37	4,01,80,115	1,09,953.34	12%
	77.60%	36.79%	79.20%	34%	
Kishor	1,10,88,206	1,37,644.38	94,86,160	1,32,516.34	4%

	20.60%	40.59%	18.70%	41%	
Tarun	9,86,166	76,718.61	10,68,771	79,289.57	-3%
	1.80%	22.62%	2.10%	25%	
TOTAL	5,37,95,526	3,39,110.35	5,07,35,046	3,21,759.25	5%

1. AMONG THE THREE CATEGORIES SHISHU LOANS HAD THE LARGEST SHARE OF 77.6 % IN TERMS OF VALUE
2. AMONG THREE CATEGORIES KISHORE LOAN HAD THE SHARE OF 41% IN TERMS OF VALUE
3. AMONG THREE CATEGORIES TARUN LOAN HAD THE SHARE 1.80 % IN TERMS OF VALUE

CONCLUSION

To the small Enterprises for the foundation of the economic development need to be strengthened and supported. MUDRA Yojana is the most recent scheme to boost up to the small and micro business units in India. The Mudra scheme is trying its best to improve the financial status of women and other sections of the society especially Who are not well educated and semi skilled. This scheme will add to the well being of the individuals engaged in small scale industries which will positively shape the progress of the economy as a whole. Mudra as a financial tool is found very effective in its early stages across the country

Conflict of interest statement

Authors declare that they do not have any conflict of interest.

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