
EMPOWERING ENTREPRENEURS: ANALYSIS OF PRADHAN MANTRI MUDRA YOJANA

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ABSTRACT

The Pradhan Mantri Mudra Yojana (PMMY) has emerged as a pivotal initiative in India's efforts to bolster entrepreneurship and economic growth. This paper provides a comprehensive analysis of PMMY's impact, focusing on the performance of various lending institutions and the distribution of funds across states. Notably, Public Sector Banks, with their robust growth of 46%, have exceeded their targets, signaling a promising future for the program. At the same time, other entities like Private Sector Banks, Small Finance Banks, Micro Finance Institutions, and Non-Banking Finance Companies also made significant contributions. However, State Co-operative Banks displayed limited involvement, suggesting room for improvement. Uttar Pradesh, Bihar, and Tamil Nadu emerged as leaders in fund distribution, underscoring their commitment to empowering small businesses. The top 10 states, including Karnataka, West Bengal, and Maharashtra, played a crucial role in advancing financial inclusion and supporting micro-enterprises.

In conclusion, this study underscores the vital role of PMMY in fostering economic development by facilitating entrepreneurs' access to financial services. The findings highlight the program's effectiveness across diverse lending landscapes and geographic regions, indicating its widespread impact. In order to improve the participation of State Co-operative Banks and expand PMMY's coverage to underserved communities, it is essential to conduct further research, which will help identify effective strategies to make the program more accessible and impactful. By doing so, we can invite the audience to join us in our ongoing efforts to enhance the reach and impact of PMMY.

Keywords: *Pradhan Mantri Mudra Yojana, PMMY, Financial Inclusion, Entrepreneurship, Economic Growth, Small Businesses*

INTRODUCTION

The Pradhan Mantri Mudra Yojana (PMMY) was introduced in India in the year 2015 to help micro and small businesses, which are important for the country's economy. This program makes it easier for these businesses to get loans without having to put up any property as collateral. This has helped millions of people start businesses, which has led to more jobs, new ideas, and a stronger economy in general. The Pradhan Mantri Mudra Yojana (PMMY) program has had a remarkable impact. In 2022-2023, lending institutions approved loans worth ₹ 4.40 lakh crore (\$53.8 billion). Public Sector Banks alone exceeded their assigned target by 46%, disbursing loans totalling ₹ 1.71 lakh crore (\$20.7 billion). Uttar Pradesh, Bihar, and Tamil Nadu were particularly active in loan distribution. Notably, women entrepreneurs have benefited immensely from the program, accounting for over 71% of total loans sanctioned. PMMY is contributing positively to India's financial system. It's making it easier for people to borrow money, especially entrepreneurs. As a result, the Indian economy is growing and becoming more diverse.

Vision:

The Pradhan Mantri Mudra Yojana is designed to promote financial empowerment as a foundation for a thriving and inclusive society. It targets aspiring entrepreneurs, particularly from disadvantaged groups, to provide financial support. The scheme aims to foster job creation and drive innovation by simplifying access to loans. This financial assistance empowers entrepreneurs to establish successful businesses, contributing to the overall socio-economic progress of the nation.

Mission:

PMMY's overall goal is to support entrepreneurs through financial assistance and the creation of a strong entrepreneurial environment. It works towards this mission in three main stages:

1. Access to Finance: PMMY seeks to bridge the financial gap by extending affordable and accessible credit to micro and small enterprises. By offering collateral-free loans, the mission ensures that financial constraints do not impede the aspirations of budding entrepreneurs, thereby fostering a conducive environment for business growth.

2. Skill Enhancement and Capacity Building: Beyond mere financial assistance, PMMY is committed to nurturing a culture of entrepreneurship by providing training and skill development programs. This holistic approach aims to empower individuals with the knowledge and expertise required to manage and expand their enterprises, ensuring long-term sustainability.

3. Entrepreneurial Upliftment: At its core, PMMY endeavors to uplift the socio-economic status of individuals, particularly those at the grassroots level. By encouraging self-employment and enterprise creation, the mission seeks to bring about a positive transformation in the lives of beneficiaries, promoting inclusivity and reducing economic disparities.

The Pradhan Mantri Mudra Yojana (PMMY) is a government scheme that supports aspiring entrepreneurs. It provides loans to small businesses and startups, helping them to start and grow their businesses. PMMY has had a significant impact on the Indian economy, creating jobs and boosting economic growth. However, there are also some challenges associated with the scheme, such as the lack of awareness among potential beneficiaries and the need for more efficient loan disbursement mechanisms. This study examines the nuances of PMMY, including its impact, challenges, and potential areas for improvement.

LITERATURE REVIEW

Verma (2015) believes that the MUDRA program helps small businesses with financial difficulties and encourages young people wanting to start businesses. Soni (2016) studied the creation of the MUDRA program for tiny businesses and the organization that refinances it. The study aimed to understand the MUDRA program's benefits, its purpose, and the legal framework needed for its successful implementation. The research, characterized as descriptive, utilized secondary data from newspapers, government websites, publications, and reports from institutes. The author concluded that the initiative installs newfound confidence in small-scale enterprises, encouraging educated and skilled individuals to expand their operations. The study also highlighted MUDRA Yojana's notable contribution to women's empowerment.

Agarwal and Dwivedi (2017) critically reviewed the performance of the Pradhan Mantri MUDRA Yojana (PMMY). A state-wise analysis revealed greater success in Rajasthan and West Bengal, with women entrepreneurs leading in loan disbursement. Dr. J. Venkatesh and Ms. R. Lavanya Kumari (2017) demonstrated that initiatives focusing on entrepreneurs, in addition to schemes for overall MSME growth, contribute to the well-being of individuals in small-scale industries, positively impacting the broader economy.

Ibrahim (2018) conducted a study assessing the performance of the MUDRA scheme region-wise, category-wise, and agency-wise. The scheme achieved widespread reach among women

entrepreneurs and new entrepreneurs. Northern states exhibited lower participation in availing benefits compared to other regions. The Shishu category outperformed others, and private sector banks demonstrated superior performance in the loan sanction and disbursement process. Rupa (2021) highlighted the success of the MUDRA scheme in Tamil Nadu, emphasizing the substantial contribution of Microfinance Institutions (MFIs) in increasing the number of accounts financed under the Pradhan Mantri MUDRA Yojana (PMMY).

OBJECTIVES OF THE STUDY

The important objectives of the study are stated below

- To evaluate the performance of various lending institutions from 2021 to 2023
- To analysis the state-wise and district-wise performance of PMMY, focusing on the top 10 states in India.
- To analysis the Sub-category borrowersof PMMY.

RESEARCH METHODOLOGY

Research Design: This study adopts a descriptive and analytical research design focusing on agency-wise, state-wise, regional-wise, and category-wise analysis during the years 2021to 2023. It also examines the amount sanctioned and disbursed and the maintenance of accounts under the Mudra Yojna for the same period.

Data Collection:the required data for the study are sourced from various secondary sources including annual reports, government websites, newspapers, journals, articles, books, and the Mudra website.

DATA ANALYSIS AND INTERPRETATION

The performance of the Pradhan Mantri Mudra Yojana (PMMY) in India is analyzed based on agency, banks, and social status during the financial years 2021-2023. Additionally, the study examines the performance of PMMY for the top 10 states in India.

INSTITUTION - WISE ACHIEVEMENT

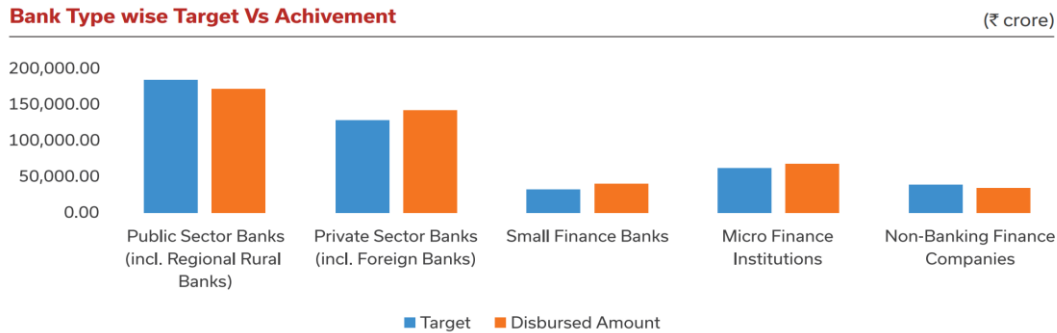
The Government of India set a target of 4.40 lakh crore under PMMY for the year 2022-2023, which was distributed across various lending institutions including banks, MFIs, and NBFCs based on their outreach and presence across the country. The performance against their respective targets for the year 2022-23 is analyzed by category.

Table – 1
Institution-wise Achievement (FY 2021-2023)

Category	Sanction Amount 2022 - 2023	Sanction Amount 2021 - 2022	Growth in %
Public Sector Banks (incl. Regional Rural Banks)	1,71,118.78	1,17,260.88	46%
Private Sector Banks (incl. Foreign Banks)	1,41,116	1,17,406.42	20%
Small Finance Banks	38,297	29,189.50	31%
Micro Finance Institutions	66,830.62	48,847.97	37%
Non-Banking Finance Companies	33,061.27	18,697.08	77%
State Co-operative Banks	0.00	0.36	-

Source: Annual report of Mudra

Figure –



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It is evident from the table 1 that the Public Sector Banks, including Regional Rural Banks, exceeded their target of 1,85,460 crore by achieving a sanction amount of 1,71,118.78 crore. This represents a substantial growth of 46% compared to the previous fiscal year. Private Sector Banks, including Foreign Banks, achieved a sanction amount of 1,41,116 crore against the target of 1,28,700 crore, reflecting a commendable growth of 20%. Small Finance Banks outperformed their target of 28,930 crore by reaching a sanction amount of 38,297 crore, showcasing a notable growth of 31%. Micro Finance Institutions achieved a sanction amount of 66,830.62 crore against a target of 60,260 crore, indicating a significant growth of 37%. Non-Banking Finance Companies excelled by achieving a sanction amount of 33,061.27 crore against a target of 36,650 crore, exhibiting an impressive growth of 77%. State Co-operative Banks, while having a target of 0.00 crore, recorded a minimal amount of 0.36 crore, showcasing their modest participation in the Mudra Yojna during the specified period. This data highlights the diverse and robust performance of different lending institutions in contributing to the goals of PMMY during the fiscal year 2022-2023.

STATE-WISE PERFORMANCE (TOP 10 STATES)

The Government of India assigned institution-wise targets for the Pradhan Mantri Mudra Yojana, and these targets were subsequently sub-allocated state-wise by the respective lending institutions, considering their network and lending potential. The performance at the state level is actively monitored by the State Level Bank Committees (SLBCs) of the respective states.

Table – 2

Top 10 State-wise Achievement (FY 2021-2023)

Sl.No	Name of the State	Disbursement Amount in Crore 2022 - 2023	Disbursement Amount in Crore 2021 - 2022
1	Uttar Pradesh	47,427.26	32,850.80
2	Bihar	45,448.59	30,725.07
3	Tamil Nadu	43,730.39	32,262.94
4	Karnataka	40,746.09	28,374.92
5	West Bengal	38,353.85	33,949.81
6	Maharashtra	36,104.52	25,416.48
7	Madhya Pradesh	24,632.59	18,218.44
8	Rajasthan	24,492.62	18,728.94
9	Odisha	21,505.13	16,557.27
10	Gujarat	17,507.49	11,990.04

Source: Annual report of Mudra

Table 2 shows the top ten states which have distributed highest amount under PMMY. The government has set targets for the PMMY, which are then distributed institution-wise and further sub-allocated state-wise by lending institutions. State Level Bank Committees (SLBCs) actively monitor state-level performance.

Uttar Pradesh has demonstrated a strong commitment to supporting micro and small enterprises by leading the way with a notable increase in disbursement from ₹ 32,850.80 crore in 2021-2022 to ₹ 47,427.26 crore in 2022-2023. Bihar followed closely, with disbursement rising from ₹ 30,725.07 crore to ₹ 45,448.59 crore.

The top 10 states, including Tamil Nadu, Karnataka, and West Bengal, have exhibited commendable efforts in promoting financial inclusion and aiding small-scale enterprises through PMMY.

DISTRICT-WISE PERFORMANCE

Performance data at the district level was recorded on the PMMY Portal for the scheme. Nearly all lending institutions have submitted their district-wise data, with only a few exceptions. Some agencies that couldn't furnish district-wise details have inputted their information in the "Other" districts within their respective states. The table below highlights the top 10 districts in terms of PMMY performance.

Table – 3
District-wise Achievement for the year 2022-2023)

S.No	District Name	No of A/Cs	Disbursement Amt in crore	Share in the Total amount disbursed (in %)
1	Bangalore urban	4,33,082	5,287.90	1.17
2	Murshidabad	6,57,973	3,933.01	0.87
3	Bellary	6,28,960	3,581.45	0.8
4	North 24 Parganas	4,74,520	3,406.70	0.76
5	Pune	3,14,046	3,225.90	0.72
6	Patna	4,10,222	3,031.00	0.67
7	Ahmedabad	1,59,474	3,016.83	0.67
8	Chennai	4,37,406	2,891.60	0.64
9	Jaipur	1,88,812	2,777.88	0.62
10	Mysore	4,08,084	2,711.86	0.6
	Total	41,12,579	33,864.12	7.52

Source: Annual report of Mudra

The table 3 provides an overview of the performance of the Pradhan Mantri Mudra Yojana (PMMY) across different districts in the fiscal year 2022-2023. It presents key metrics such as the number of accounts (No of A/Cs), disbursement amounts in crore, and their respective shares in the total amount disbursed as a percentage. Some of the notable districts in terms of PMMY performance include Bangalore Urban, Murshidabad, and Bellary, all of which contributed significantly to the total disbursed amount. For instance, Bangalore Urban had 4,33,082 accounts with a disbursement amount of 5,287.90 crore, representing 1.17% of the total. In total, there were 41,12,579 accounts, and the total disbursement amount was 33,864.12 crore, accounting for 7.52% of the total disbursed amount under PMMY during the specified fiscal year.

Table – 4
Sub-categories of beneficiaries: Sanctions for the year 2022-23

Category	SHISHU		KISHOR		TARUN		TOTAL	
	No.ofA/c	Amt	No.ofA/c	Amt	No.ofA/c	Amt	No.ofA/c	Amt
General	19109271	52164	5833669	94426	921759	69353	25864699 (51%)	215942 (67%)
SC	8034399	26058.45	2265513	18612.13	36002	2601.71	10335914 (16.59%)	47272.28 (10.5%)
ST	2770354	8689.36	740882	6741.82	25190	1862.71	3536426 (5.68%)	17293.9 (3.84%)
OBC	12605267	42081.47	4824719	46069.97	151672	11260.29	17581658 (28.22%)	99411.74 (22.07%)
Total	43077851	141609.9	17915912	200936.6	1316835	107877.2	62310598	450423.7
Outofthe above:								
Women	32817496	112228.4	11285672	91691.19	153645	11115.01	44256813 (71.03%)	215034.55 (47.74%)
New Entrepreneur Accounts	7251841	25825.09	2359449	48268.23	455480	55329.44	10066770 (16.16%)	129422.76 (26%)
Minorities	5290565	16601.08	2143694	22347.96	83312	6379.72	7517571 (12.06%)	45328.75 (10.06%)

Source: Annual report of Mudra

Table 4 provides Sub-categories of beneficiaries for the year 2022-2023. The total amount disbursed under the PMMY program, 47.74% was allocated to women borrowers. Among the accounts categorized as Shishu, 52.67% belonged to women, and they received 24.92% of the total amount disbursed in that category. The reason why women are well-represented in the Shishu category is that microfinance institutions (MFIs) mainly extend micro-loans to women. In terms of the number of loan accounts, the weaker sections of society (SCs, STs, and OBCs) accounted for 50.48% of them and 36.41% of the disbursed loan amount. The distribution among SC, ST, and OBC categories was 10.50%, 3.84%, and 22.07%, respectively. Borrowers in the minority category constituted 12.06% in terms of the number of accounts and 10.06% in terms of the disbursed amount during FY 2022–23 under PMMY.

FINDINGS AND RECOMMENDATIONS

The analysis of the Pradhan Mantri Mudra Yojana (PMMY) for the fiscal year 2022-23 reveals several key findings. Public Sector Banks demonstrated remarkable performance by exceeding their target, showcasing a robust growth of 46%. Private Sector Banks, Small Finance Banks, Micro Finance Institutions, and Non-Banking Finance Companies also contributed significantly, reflecting a diverse and dynamic lending landscape. However, State Co-operative Banks exhibited minimal participation, indicating a need for enhanced involvement.

Uttar Pradesh, Bihar, and Tamil Nadu stood out as the top states in distributing funds to support small businesses, highlighting their dedication to empowering these enterprises. The top 10 states, which included Karnataka, West Bengal, and Maharashtra, made significant contributions to promoting financial inclusion and access to resources for micro and small businesses.

In the regional context, certain districts such as Bangalore Urban, Murshidabad, and Bellary had a significant impact on the overall amount of funds allocated. This highlights the need for localized approaches to ensure that the benefits are distributed more equitably.

CONCLUSION

This study shows that the Pradhan Mantri Mudra Yojana (PMMY) is essential for India's economy because it helps people get access to financial services and supports small businesses. The study looked at PMMY's goals and how it aims to help entrepreneurs and grow the economy. It also found that PMMY has been working well across India, with strong performance in different lending institutions, states, and districts. This shows that PMMY is helping a wide range of people and businesses.

Different financial institutions, including banks and non-banks, have shown positive results in supporting lending under the Pradhan Mantri Mudra Yojana (PMMY). However, State Co-operative Banks have not participated widely. The study recommends boosting their involvement and customizing assistance for entrepreneurs based on regional needs. States like Uttar Pradesh, Bihar, and Tamil Nadu have been notable in their efforts, with certain districts playing a crucial role. PMMY is not just about providing loans but also stimulating economic growth and empowering individuals across society. The study proposes enhancements to strengthen PMMY's impact, contributing to the broader goal of building an inclusive and equitable economy.

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