



## A Study on The Role of Mudra Scheme in Entrepreneurship Development

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### **Abstract:**

If any country wants to develop, developing the industrial sector is an indispensable condition. India is currently the most populous country in the world. A situation has arisen for India that on the one hand the supply of labor is increasing day by day, on the other hand the increase in the demand for labor is not proportional, thus the problem of unemployment is becoming serious. One of the major problems of India and the world is unemployment. The government has been trying since the planning period to overcome this problem and for financial inclusion. The government has been making efforts to increase self-employment by launching various schemes. This is the basic question for self-employment or the need for money to start a business. Pradhan Mantri Mudra Yojana (PMMY) was launched on April 8, 2015, by the Hon'ble Prime Minister Shri Narendra Modi to further develop the concept of self-employment, to alleviate the financing problems of small entrepreneurs. A provision was made to give loans to non-corporate, non-agricultural small and micro industries up to the limit of 10 lakhs. The presented scheme has become very popular over the years. Hence the present paper has studied the detailed information about the Mudra Scheme and the financial assistance received by the small entrepreneur. The main objective of the present paper is to do a comparative study of the benefit distribution of this scheme state wise, bank wise, category wise and the role, benefits of Mudra scheme in entrepreneurship development in India is detailed. At the end of the conclude it is known that the small entrepreneurs have directly benefited from this scheme.



**Keywords:** MUDRA, Small business, Bank, Financial inclusion, Sishu, Kishor, Tarun

## Introduction:

An entrepreneur is a person with special skills, abilities, knowledge or ideas who undertakes risky, uncertain and non-repetitive activities for the purpose of obtaining financial gain. The contribution of the entrepreneur is important in the development of entrepreneurship. Because of this certainty of return in such a venture, the change activity undertaken by it is called entrepreneurship. The word entrepreneur is basically derived from the French word "Entreprendre" which means taking responsibility.

A person who collects or combines resources like land, capital, labor is known as an entrepreneur. In economics the returns to the production planner are uncertain. Hence, the entrepreneur who deals with uncertainty is the entrepreneur. Even when India has decided to become a developed country, the industrial sector has to be developed. Schemes have also been launched by the government to promote entrepreneurship.

TABLE 1: GOVERNMENT SCHEMES FOR ENTREPRENEURSHIP DEVELOPMENT

SR. NO.	SCHEME NAME
1	Startup leadership program
2	The standup India scheme
3	Startup India initiative
4	Atal innovation mission
5	Pradhan Mantri mudra yojana
6	Skill upgradation and quality improvement and mahala coir yojana
7	Trade related Entrepreneurship assistance and development
8	Marketing assistance scheme NSIC
9	PMSvanidhi
10	Make in India



MUDRA Yojana has been studied in detail in the present research paper.

The Pradhan Mantri Yojana scheme was launched only to help Indian small-scale companies grow and reach penultimate success. This scheme was officially launched on 8th April, 2015 and is dedicated to funding several such enterprises. The name 'mudra' is an abbreviation for Micro Units Development and Refine Agency and mainly helps companies from both, the profit as well as the non-profit sector with financing. Any eligible company or individual seeking to avail the mudra loan can get financial help up to the amount of Rs. 10 lakhs. Companies that would ideally be eligible for availing this loan are

- (1) NBFCs
- (2) Small finance banks
- (3) MFIs
- (4) Commercial banks
- (5) RRBs

#### **MUDRA Vision:**

"To be an integrated financial and support services provider par excellence benchmarked with global best practices and standards for the bottom of the pyramid universe for their comprehensive economic and social development."

#### **MUDRA Mission:**

"To create an inclusive, sustainable and value based entrepreneurial culture, in collaboration with our partner institutions in achieving economic success and financial security."

#### **MUDRA Purpose:**

"Our basic purpose is to attain development in an inclusive and sustainable manner by supporting and promoting partner institutions and creating an ecosystem of growth for micro enterprises sector."



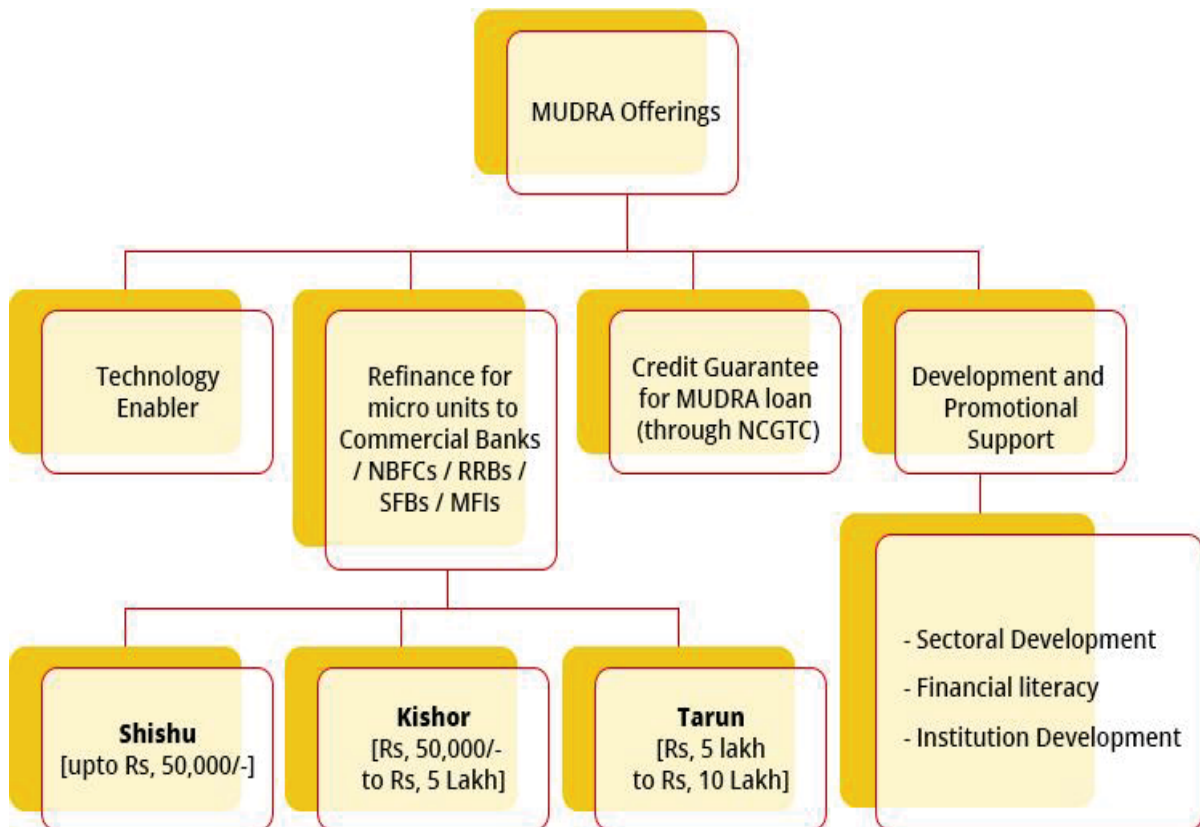
**MUDTA Loan types:**

SHISHU	KISHORE	TARUN
Covering Loans Upto Rs. 50,000	Covering Loans Above Rs. 50,000 and Upto Rs. 5 Lakh	Covering Loans Above Rs. 5 Lakh and Upto Rs. 10 Lakh

**ELIGIBILITY**

Any Indian citizen who has a business plan for a non-farm sector income generating activity such as manufacturing, processing, trading or service sector and whose credit need is less than Rs. 10 Lakh can approach either a bank, MFI, or NBFC for availing the Mudra loan.

FIGURE: 1 MUDRA SCHEME OFFERINGS





## Activities covered under MUDRA Loans:

The following is an illustrative list of the activities that can be covered under MUDRA loans.

- (1) Transport vehicle: purchase of transport vehicles for transportation of goods and passengers such as auto rickshaws, small good transport vehicles, three wheelers, e-rickshaws, taxis, tractor, trolleys, two wheelers for commercial purpose.
- (2) Community, social and personal service activities: salons, beauty parlours, gymnasium, boutiques, tailoring shops, dry cleaning, cycle and motorcycle repair shops, medicine shops.
- (3) Food products sector: papad making, achar making, jam and jelly making, agricultural produce, sweet shops, small services food stall, canteen services, cold chain vehicles.
- (4) Textile products sector: handloom, powerloom, khadi activity, chicken work, zari and zardozi work, traditional embroidery and hand work, traditional printing.
- (5) Business loans for traders and shopkeepers: financial support for on lending to individuals for running their shops, business activities, service enterprises.
- (6) Equipment finance scheme for micro units: setting up micro enterprises by purchasing necessary machinery, equipment.
- (7) Activities allied to agriculture: pisciculture, bee keeping, poultry, livestock, grading, sorting, aggregation agro industries, diary, fishery etc.

## MUDRA Card:

MUDRA card is a debit card issued against the MUDRA loan account, for working capital portion of the loan. The borrower can make use of MUDRA card in multiple withdrawal and credits, so as to manage and keep the also interest burden minimum. MUDRA card also helps in digitalization of MUDRA transaction and creating credit history for the borrower. MUDRA card can be operated across the country for withdrawal of cash from any ATM\ Micro ATM and also make payment through any 'point of sale' machine.



FIGURE: 2 MUDRA CARD



## Literature review:

The overview of some literature has been relevant to this study. The study related to Importance MUDRA scheme and entrepreneurship development in India.

The study conducted by Agarwal and Dwivedi (2017) examined the Pradhan Mantri Mudra Yojana (PMMY) and assessed its performance based on state, caste, and category. The authors also provided an analysis of the features and conducted a SWOT analysis of PMMY. The growth rate of Union Territories such as the A&N Islands and Lakshadweep was found to be negative and unsatisfactory when evaluated on a state-by-state basis. Conversely, Assam and Tripura exhibited the highest growth rate. According to the author, the PMMY scheme is a commendable initiative by the government that has greatly benefited the weaker and low-income sections of society.

R. Rupa (2017) has demonstrated the significant success of the MUDRA scheme in Tamil Nadu. The study reveals that the Microfinance Institutions (MFIs) have played a crucial role in significantly augmenting the number of accounts financed under the Pradhan Mantri MUDRA Yojana (PMMY).





Mehar L (2014) demonstrated an upward trend in financial inclusion in India over the past few years, attributing this progress to the introduction of innovative methods such as mobile banking and ultra small branches.

Prof. M. Gangadhar (2022) The research paper titled "A Study on Pradhan Mantri Mudra Yojna (PMMY) - An Overview" provides an analysis of the Pradhan Mantri Mudra Yojana (PMMY), which is a scheme initiated by the Government of India to provide loans to non-corporate, non-farm small/micro enterprises. The study evaluates the performance of the Mudra Yojana scheme by analyzing data collected from various secondary sources such as journals, articles, and the Mudra website. The objectives of the study, which include studying the PMMY, analyzing the performance of different categories under the Mudra Scheme, and studying the performance of the PMMY in the top 10 states in India. The research methodology section describes the research design as descriptive and explains the data collection process from secondary sources. Overall, the paper concludes that the PMMY has had a positive impact on financial inclusion and has supported the growth and development of micro enterprises, particularly those owned by women. The document emphasizes the need for an inclusive and sustainable approach to promote entrepreneurial culture and economic success.

Anita Bindal and Dr. Rupesh Roshan Singh (2022) The main objective of the present paper was to know the vision, mission and objectives of Mudra Yojana. The researcher concluded that even now Mudra Yojana is not fully bank linked as it is still in its initial stage. It is necessary to approach local banks and other financial institutions to provide loans to small businesses.

Satybrata Sahoo (2022) The main objective of the present paper was to study the opportunities and challenges facing entrepreneurship development in India. The challenges were studied by dividing them into different parts like Personal Challenges, Social Challenges, Technological Challenges, Financial Challenges. The research said that for the further development of entrepreneurship in India, India needs to pay more attention to policies, rules and regulations.



Dr. R. Jayanthi (2019) This research examined the need for entrepreneurship in India, factors affecting entrepreneurship, youth entrepreneurship was studied in detail. According to GEDI eye, India was ranked 68th out of 137 countries in middling performance. Social entrepreneurship has been important from various aspects of entrepreneurship development in India. Teach for India, Tata Jagriti Yatra is essential for the promotion of entrepreneurship development.

### Objectives of study:

The main objectives for this study are as follows.

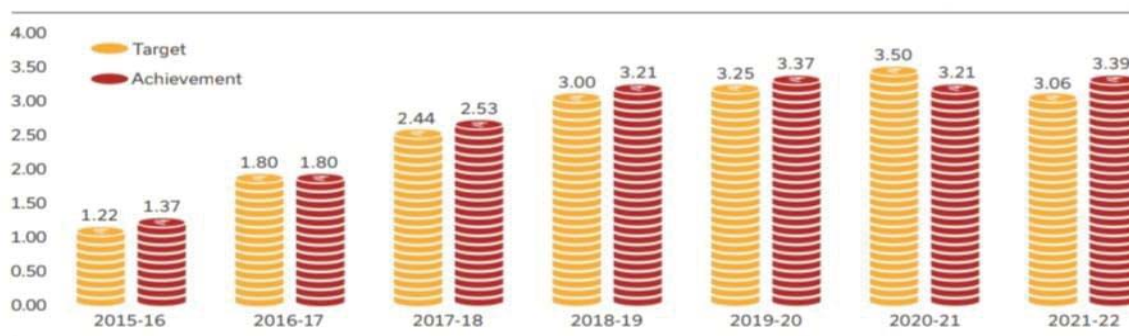
- (1) To know the concept of entrepreneurship development.
- (2) To study the MUDRA scheme
- (3) To analyze the performance of different category and states in India under MUDRA scheme.
- (4) To study the role of Mudra scheme in entrepreneurship development.

### Research methodology:

The main source of data used for the study is secondary data. The present study is conceptual survey with exploratory and descriptive in nature. This research follows the analytical research methodology which is based on the quantitative data. The information related with study has been collected from websites, journals, magazines, newspapers and books. In particular, government websites have been studied.

### Data analysis and interpretation:

FIGURE: 3 PMMY TARGET vs ACHIVEMENT (Amt. in Rs. Lakh crore)







The above figure shows the comparison between the targets set in the Mudra Scheme from 2015-16 to 2021-22 and the actual achievements. In all the remaining years except the year 2020-21, the achievement has been higher than the target set in the Mudra Scheme. Which indicates the maximum number of beneficiaries benefiting from this scheme.

TABLE: 2 COMPARATIVE ANALYSIS

FINANCIAL YEAR	NO. OF PMMY LOANS SANCTIONED	AMOUNT SANCTIONED (RS. CRORE)	AMOUNT DISBURSED (RS. CRORE)
2015-2016	34880924	137449.27	132954.73
2016-2017	39701047	180528.54	175312.13
2017-2018	48130593	253677.10	246437.40
2018-2019	59870318	321722.79	311811.38
2019-2020	62247606	337495.53	329715.03
2020-2021	50735046	321759.25	311754.47
2021-2022	53795526	339110.35	331402.20
2022-2023	62310598	456537.98	450423.66
2023-2024 (Provisional data)	26970990	212856.32	206737.40

The above table 2 shows the amount of loan sanctioned from the inception financial year 2015-16 to the year 2023-24 of Mudra Yojana and the amount sanctioned for assistance and the amount actually disbursed.



TABLE: 3 PMMY STATE WISE PERFORMANCE YEAR 2022-2023 (AMOUNT IN Cr.)

SR. NO.	STATE NAME	SHISHU DISBURSENT AMOUNT	KISHORE DISBURSENT AMOUNT	TARUN DISBURSENT AMOUNT	TOTAL DISBURSEMENT AMOUNT
1	ANDAMAN AND NICOBAR ISLANDS	1.73	49.3	73.32	124.34
2	ANDHRA PRADESH	2121.55	6838.26	7252.49	16212.3
3	ARUNACHAL PRADESH	32.15	90.74	91.69	214.59
4	ASSAM	1083.2	3288.44	1810.55	6182.19
5	BIHAR	21365.47	19187.45	4895.67	45448.59
6	CHANDIGARH	35.09	99.12	159.37	293.58
7	CHHATTISGARH	2416.51	3968.6	1877.46	8262.57
8	DADRA AND NAGAR HAVELI	5.71	28.41	31.86	65.98
9	DAMAN AND DIU	0.81	10.68	24.74	36.23
10	DELHI	616.21	1185.05	1957.96	3759.22
11	GOA	70.52	288.78	340.89	700.19
12	GUJARAT	3749.03	7357.29	6401.17	17507.49



13	HARYANA	2861.42	4601.89	2481.49	9944.79
14	HIMACHAL PRADESH	232.71	1482.51	1365	3080.21
15	JHARKHAND	5008.07	4192.5	1896.51	11097.08
16	KARNATAKA	12692.75	19285.78	8767.55	40746.09
17	KERALA	3595.96	7851.14	3632.12	15079.22
18	LASHADWEEP	1.21	18.58	6.95	26.75
19	MADHYA PRADESH	8710.71	10444.7	5477.18	24632.59
20	MAHARASHTRA	11600.63	14377.2	10126.69	36104.52
21	MANIPUR	77.06	242.67	151.49	471.22
22	MEGHALAYA	48.61	153.02	129.89	331.52
23	MIZORAM	59.97	167.44	193.51	420.92
24	NAGALAND	19.09	148.47	129.23	296.78
25	ODISHA	9721.4	7859.69	3924.04	21505.13
26	PONDICHERRY	216.87	384.73	134.14	735.74
27	PUNJAB	3122.35	4604.42	3039.6	10766.37
28	RAJASTHAN	6893.82	11290.15	6308.66	24492.62
29	SIKKIM	19.16	124.76	75.38	219.3
30	TAMIL NADU	13769.27	22562.67	7398.44	43730.39



31	TELANGANA	1270.96	3169.7	3554.64	7995.3
32	TRIPURA	767.51	1337.01	245.09	2349.61
33	UT JAMMU AND KASHMIR	288.87	4427.64	2503.21	7219.71
34	UT LADAKH	1.72	153.93	130.23	285.87
35	UTTAR PRADESH	16291.05	18740.63	12395.57	47427.26
36	UTTARAKHAND	1028.68	1920.39	1354.47	4303.54
37	WEST BENGAL	11812.03	19002.89	7538.94	38353.85
	TOTAL	141609.85	200936.63	107877.18	450423.66

Table 3 shows the total amount disbursed under Pradhan Mantri Mudra Yojana to all the states and Union Territories of India in the financial year 2022-23.

TABLE: 4 PMYY BANK WISE PERFORMANCE

SR.NO.	BANK TYPE NAME	SHISHU DISBURSEME NT AMOUNT	KISHORE DISBURSME NT AMOUNT	TARUN DISBURSME NT AMOUNT	TAOTAL DISBURSE NT AMOUNT
1	SBI AND ASSOCIAT ES	1858.81	11320.49	22422.35	35601.64
2	PUBLIC SECTOR	8904.97	44553.52	50564.8	104023.3



	COMMERCIAL BANKS				
3	PRIVATE SECTOR COMMERCIAL BANKS	59948.08	63482.31	17685.61	14111627
4	RRBS	2744.39	21766.38	6983.1	31493.86
5	MICRO FINANCE INSTITUTIONS	514.18	398.06	0	912.24
6	NBFC – MICRO FINANCE INSTITUTIONS	42994.45	22982.41	451.22	65918.37
7	NON - BANKING FINANCIAL BANKING COMPANIES	7461.89	18272.98	7326.41	33061.27
8	SMALL FINANCE BANKS	17616.9	18236.38	2443.69	38296.97



Table 4 shows the comparison of loan amount disbursed by various banks under Pradhan Mantri Mudra Yojana.

TABLE: 5 PMMY CATEGORY PERFORMANCE

SR.NO	CATEGORY	SISHU DISBURSEMEN T AMOUNT	KISHORE DISBURSEMEN T AMOUNT	TARUN DISBURSEMEN T AMOUNT	TOTAL
1	GENERAL	64780.57	129512.71	92152.46	286445.74
2	SC	26058.45	18612.13	2601.71	47272.28
3	ST	8689.36	6741.82	1862.71	17293.9
4	OBC	42081.47	46069.97	11260.29	99411.74
TOTAL	-	141609.85	200936.64	107877.18	450423.66

A comparative study of loan amount among different categories is given in Table 5. From which it can be seen that placing the various categories in ascending order in terms of benefits first comes General, OBC, SC and then ST category.

Advantages of MUDRA scheme:

- (1) Apex refiner
- (2) Inclusion of last mile financiers a game changing idea help expand access to finance for micro enterprises
- (3) Employment generation
- (4) Higher GDP Growth
- (5) MUDRA scheme provides unsecured loans, so no collateral is required when applying for the loan.
- (6) Easy process of loan disbursal





## Findings of the study:

The findings of the study are as follows.

- (1) Cumulative outreach to 34.93 crore MSE borrower accounts with credit support of Rs. 18.91 lakh core in last seven years.
- (2) Empowering women with 68% loan accounts belonging to women beneficiaries in last seven years.
- (3) Addressing the credit needs of weaker sections with 51% of the loan accounts belonging to SC, ST and OBC category.
- (4) In the year 2021-22 top performance states are West Bengal, Uttar Pradesh, Tamil Nadu, Bihar and Karnataka.
- (5) According to the regional analysis the share of East regional is highest.
- (6) In year 2021-22 among the three categories Kishor loans had the largest share of 41% followed by Shishu loans at 37% in terms of sanction amount value.

## Conclusion:

The main objective of this scheme was to provide funds to the entrepreneur. Entrepreneurship is the basic requirement for the development of any country. Hence it is necessary for the government to make efforts for the development of entrepreneurship. Government of India has also launched various programs and schemes for entrepreneurship development. The present paper explains in detail the contribution of MUDRA scheme in entrepreneurship development in India. Due to the simplicity of the MUDRA scheme and the accessibility of MUDRA loans in different parts of the country, many entrepreneurs have been able to start their own businesses. MUDRA in the last 7 years of its existence has become synonymous with small loans to the unreserved and unserved segments who have remained unfunded so far. This scheme itself as a key player in ensuring adequate focus on micro enterprise and continues to foster a culture of entrepreneurship with a portfolio of Rs. 20,039 Crore. MUDRA play an important role in target segment by introducing new and innovative digital products to reach the micro enterprises directly and also indirectly.



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