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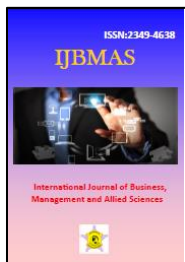
**AN EMPIRICAL STUDY OF PRADHAN MANTRI MUDRA YOJANA IN
JHARKHAND**

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ABSTRACT

Pradhan Mantri Mudra Yojana is a scheme launched by the honorable Prime Minister Narendra Modi on April 8, 2015 for providing loans up to Rs.10 lakh to the non-corporate, non-form small enterprises. These loans are given by commercial Banks, RRB'S small finance Banks cooperative Banks, MFIS and NBFC'S. Mudra has created three products namely 'Shishu, Kishore and Tarun to signify the stage of development and funding needs of the entrepreneur.

Its objective is to create an inclusive, sustainable and value based entrepreneurial culture and achieving economic success and financial security.

The objective of this research is as follows:

- To understand the meaning of Mudra Yojana and Mudra Bank.
- To study the objective and role of PMMY in India.
- To analyse the contribution of PMMY in formation of financial inclusion in Jharkhand.

The findings suggest the demographic based utilization of the funds available under the PMMY in Jharkhand. It also analyzes the various aspects related to loans availed in Jharkhand under the PMMY.

Keywords: PMMY, Jharkhand, demographic, loan.

INTRODUCTION

Finance is one of the most important sources to fight poverty and provide opportunities in an economy. Government of India (GOI) has introduced a number of financial inclusion initiatives such as Pradhan Mantri mudra yojana (PMMY), Pradhan Mantri Jeewan Jyoti Beema Yojana (PMJJBY), Pradhan Mantri Jan Dhan Yojana (PMJDY) etc. Pradhan Mantri Mudra Yojana is a potential step for promotion of financial inclusion in India. On 2nd October, 2015 honorable Prime Minister Mr. Narendra Modi launched Mudra scheme in Dumka, Jharkhand. However, it was originally launched on 8th April, 2015 by honorable Prime Minister under the guideline of department of Financial Services. Under PMMY, MUDRA means Micro units Development and Refinance Agency Ltd., a new institution has been setup by Government of India for development and refinancing

activities relating to micro units. It was announced by honorable Finance Minister Arun Jaitley while presenting the Union Budget for financial year 2015-16.

MUDRA Ltd will monitor the progress of Pradhan Mantri Mudra Yojna. Under this scheme, people can take three types of loan i.e. Loan up to Rs 50,000 under Shishu; Rs. 50,000 to Rs.5 lakh under Kishor; and Rs. 5 lakh to Rs.10 lakh under Tarun. In FY 2016-17, 39,701,047 accounts has been opened in India, out of which 10, 23,593 accounts is in Jharkhand. Under PMMY the total loan of Rs.1, 75,312.13 crore has been disbursed in India out of these Rs. 3908.99 crore in Jharkhand. The Union Budget has announced a target of Rs. 2.44 lakh crore for Mudra Loans during 2017-18. The Budget 2018-19 allocated Rs. 3 lakh crore for Mudra, a nearly 20% rise from the last year. At present, the scheme is applicable in all over India having 29 States and 7 Union Territories. The top three states getting biggest chunks of loan are Tamil Nadu, Karnataka, and Maharashtra. MUDRA Ltd will also refinance Micro-Finance Institutions through Pradhan Mantri Mudra Yojna. The top three institutions that received finance under the MUDRA scheme are: Swaya Krishi Sangam(SKS)Microfinance, Ujjivan Financial Services Pvt Ltd and Equitas Microfinance Pvt Ltd.

Review of literature

Mehar L (2014) has showed that the financial inclusion in India has increased in the last few years with new innovation like mobile banking, ultra small branches etc.

Roy, Anup Kumar (2016) has displayed that the small businesses are the foundation of economic development. A major number of initiatives have been taken in the past few years in the right direction.

Dr. J. Venkatesh and MS. R. Lavanya Kumari(2017) has showed that besides the schemes that are being introduced for the overall growth and development of the MSME sector, initiatives have been launched which focus solely on entrepreneurs. The schemes will contribute to the well-being of the individuals engaged in small scale industries which will positively affect the progress of the whole economy.

Verma S. (2015) has explained that the design of MUDRA scheme will not only cater to the financial problems of MSMEs but also give moral support to a lot of young population to become an entrepreneur.

Rudrawar, M.A.A. & Uttarwar, V.R. (2016) has explained that PMMY can bring a desired transformation. If it will be applied properly at the bottom level, it may act as a game changing idea and boost the Indian Economy. It should include less documentation and should be easily accessible. In coming few years, MUDRA will play crucial role for the development of entrepreneurship, increase in GDP and development of employment.

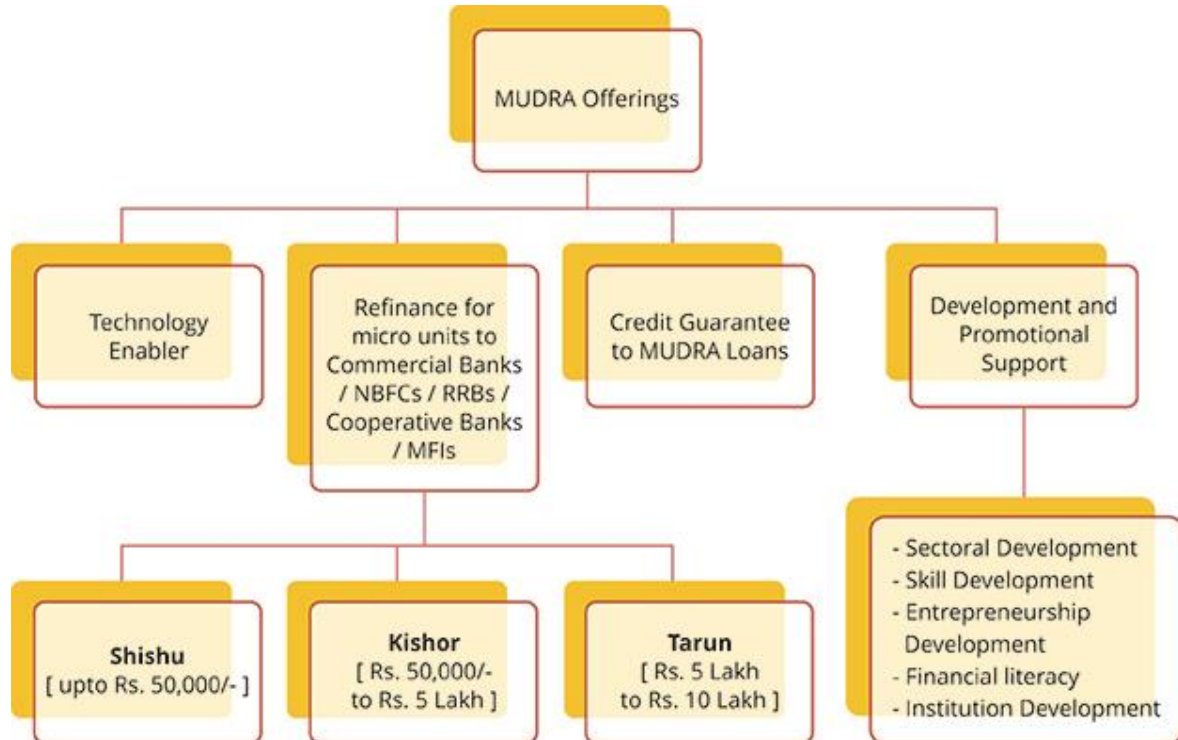
R. Rupa (2017) has showed that the MUDRA scheme is very much successful in Tamil Nadu. It is found that the MFI's have contributed substantially to increase the number of accounts under the PMMY (Pradhan Mantri Mudra Yojana).

ABOUT PRADHAN MANTRI MUDRA YOJANA (PMMY)

MUDRA (Micro Units Development and Refinance Agency Limited) Bank was formed in April 2015 by the Government of India's Union Budget. It aims to provide integrated financial support to the micro enterprises sector which includes small manufacturing units, food service units and small industries to name a few. The basic motive of establishing MUDRA is to extend the facility of institutional finance to small business entities involved in various trading, manufacturing and service activities. Along with MUDRA, the PMMY (Pradhan Mantri Mudra Yojana) was also launched. Under the PMMY scheme, the non-farm income generating sector can seek loans up to Rs. 10 lakhs.

The Mudra Loan scheme was proposed with the motive of including business people comprising NCSBS (Non-Corporate Small Business Sector) and 'own account enterprises' into the formal banking system. Typically NCSBS in India includes street vendors, repair shop owners, small scale industries and artisans. These small businesses, many of which are informal in nature, provide employment to about 10 crores people in India.

Pradhan Mantri MUDRA Yojana Offerings



MUDRA Yojana has a bouquet of offers. The significant few includes-

Micro Credit Scheme- Under this scheme, financial support is extended through Micro Financial Institutions (MFIs) so that they can provide business loans of up to Rs. 1 lakhs. Typically the mode of delivery of such loans could include individuals engaged in specific micro enterprise activities as well as various joint liability groups (JLGs) and self-help groups (SHGs).

Women Enterprise Programme (Mahila Uddyami Yojana) - This scheme is an important part of MUDRA Yojana targeted specifically at women entrepreneurs. It is designed to encourage individual women entrepreneurs, women's Joint Liability Groups and Self Help Groups to set up various micro enterprises. Special concessions may be afforded in such cases for example reduction in interest rates of up to 0.25% on loans granted.

Refinance scheme for Banks- MUDRA allows banks including Scheduled Co-operatives Banks, Regional Rural Banks and Commercial banks to easily refinance loan amounts (up to Rs 10 lakhs per unit). The refinance facility is available only if these business loans have been extended for micro enterprise activities. Banks eligible for availing the refinance facility need to comply with requirements that are notified from time to time.

Mudra Card- MUDRA card is an innovative credit product which makes credit easily accessible to small business while providing flexibility to the card owner. It can be used as a credit card with overdraft (loan) limit and can also be used as a debit card with the facility of ATM withdrawals. The Mudra Card can be used by businesses to obtain working capital under its unique cash-credit arrangement.

Credit Guarantee Fund– Also known as the portfolio credit guarantee, this involves the creation and use of a special fund termed as the Credit Guarantee Fund for Micro Units (CGFMU). This fund is managed by the National Credit Guarantee Trustee Company Ltd. and allows eligible entities to receive micro loans with ease.

Equipment Finance Scheme– This scheme as a part of the MUDRA Loan scheme enables small entrepreneurs and micro units to avail a loan to finance the purchase/upgrade of qualifying equipment/machinery. This encourages the enterprises to improve their production techniques to increase overall productivity and efficiency of their business.

Credit to Micro Enterprises– One of the basic motives of MUDRA is to maximise both the quantum of benefits and the number of beneficiaries from the scheme. A large proportion of India's population is currently involved in specific sectors including but not limited to land, transport, food production, textile production and community services. To meet the growth requirements of these sectors, various tailor-made products and schemes were and are being launched in order to help micro enterprises succeed and prosper.

Must-Known Facts About Pradhan Mantri MUDRA Yojana

The following are some of the key features and characteristics of the Pradhan Mantri MUDRA Yojana:

Loan amount offered- The scheme has three categories under which loans are disbursed:

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

Interest rates– Loans under the MUDRA Scheme are offered with nominal interest rates and vary based on the quantum of loan sanctioned. As per existing interest rate norms from November 2015 onwards, the following are the applicable rates:

- **Shishu**: Shishu loans can be availed up to the maximum limit of Rs. 50,000 as mentioned earlier and the interest rate on offer can start from as low as 1% per month i.e. 12% annually.
- **Kishore**: PMMY loans exceeding Rs. 50,000 and up to Rs. 5 lakhs are designated as Kishore loan and in such cases, the rate of interest will tend to vary depending on the bank sanctioning the loan and the credit worthiness of the borrower.
- **Tarun**: Tarun loans are those that feature PMMY borrowings in excess of Rs. 5 lakhs and up to the maximum limit of Rs. 10 lakhs as per the scheme. The rate of interest applicable to these loans varies on a case to case basis.

Who can borrow- Any business person 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.

Purpose of Loan assistance- As Mudra loan is a business loan, the loan amount cannot be used for personal needs. It is provided to small businesses that carry out specific activities in the manufacturing, services or trading sectors. Businesses can utilize the capital obtained from a Mudra loan for marketing purposes, increasing the available working capital or for acquiring capital assets to grow the business.

Research Methodology

Both qualitative and quantitative research design approach has been adopted for achieving the objective of the research. The present research utilizes both primary and secondary data sources. The primary data was collected through a sample survey using structured pre-tested questionnaire from customers residing in Ranchi. The final usable sample size obtained in the study is 100.

Data Analysis and Interpretation

The data was first presented in tabular form representing the different responses given by the respondents. The first part of the questionnaire consisted of all the general demographic features of the respondents and their identity. The other part includes questions relating to the awareness, and the various aspects of the loan availed.

Findings

- 15.4% of the total responses are of 25 years of age and 35 years of age.
- 38.5% of the total responses are received from female and 61.5% of responses come from male.
- About 92.3% of the responses had knowledge about the mudra yojana and 7.7% of the responses do not know about the scheme.
- The loan is availed by 76.9% of the responses under the Mudra Yojana and the remaining 23.1% of the responses do not know the procedure to avail loan under this scheme.
- 76.95% of the responses did not face difficulty to avail loan and 23.3% responses of the people faced difficulty to take loan in PMMY.
- 84.6% of the responses consider that PMMY helped many unfunded entrepreneur of Jharkhand for fund.
- 38.5% of responses of people agree and 30.8% of responses strongly agrees that PMMY is encouraging women. 15.4% of the responses of people are neutral about the scheme and 7.7% of the responses strongly disagree that the PMMY is encouraging women.
- 84.6% of the responses consider that PMMY helped in growth of entrepreneurship in Jharkhand and 15.4% of the responses considers that PMMY did not helped in the growth of entrepreneurship in Jharkhand.
- 30.8% of the responses strongly agrees and 46.2% of the responses agrees that mudra card is an innovative product. 15.4% of the responses is neutral about the mudra card and 7.7% of the responses disagrees that mudra card is innovative product.
- 84.6% of the response considers that PMMY is helpful for rural entrepreneurs of Jharkhand.

Other Findings

- The Mudra Yojana has helped entrepreneur by providing access to the finances under the various category provided by the scheme. The entrepreneurs can utilize the funds availed from the Mudra Yojana scheme for investment in capitals, diversifying the business, acquiring new technology etc.
- The Mudra Yojana has helped the small and medium enterprises to meet the short term obligations which indicate that the day to day requirements of the business can be fulfilled by the entrepreneurs with the help of Mudra Yojana.
- The Mudra Yojana encourages women and strengthen women entrepreneur economically and socially by providing loan to the women entrepreneur at a reduced rate.

- The loan availed under the Mudra Yojana is utilized by the people for the land, transport sector, community, social and personal service activities, food products sector, textile product sector etc. This indicates that Mudra Yojana is a scheme which is helping and encouraging the growth of the small and medium enterprises.
- In the Mudra Yojana the loan process and the time taken to process the loan is still not clear. There are various financial institutions which are providing loan to the small entrepreneurs at a lower rate, so it is required to determine that how Mudra Yojana is different from such institutions and is more beneficial.
- As per the responses of the study there is growth in the business of some entrepreneurs and the performance of their business has improved because the loan is availed by them at a cheaper rate.

SUGGESTIONS AND RECOMMENDATIONS

- The Government should take necessary steps to create awareness about the Mudra Yojana in the rural areas. The awareness can be created in the form of campaigns.
- The mentoring facilities can be provided to the small and new entrepreneurs. The services can be in the form of providing financial advice, management of the accounts and providing advice relating to the business.
- The people who avail the loan under the Mudra Yojana can be provided training on skill development as this may result in maximization of the influence of the scheme and will also be beneficial to the person availing the loan.
- There should be proper guidelines to gather information regarding the credit worthiness of the individuals for providing loans under the Mudra Yojana scheme because there is no collateral security under the scheme, so there should be proper assessment of the risk.

CONCLUSION

The study concluded that PMMY is a great initiative taken by the Government of India. Due to it, there is a big change in the area of micro finance. The scheme will help the weaker section, low income group and unfunded population and also will increase the competition. The introduction of the national plan PMMY with other type of financial inclusion initiative, yield a valuable result. It perceives that because of dispatch of this plan, monetary consideration has expanded towards positive heading. So it can be said that if it is implemented properly, it may work as a game changing financial inclusion initiative of Government of India and may boost the Indian economy.

The small businesses form the foundation of the economic development. It needs to be strengthened and supported. This scheme exclusively focuses on entrepreneurs. This type of 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. This will definitely make a dramatic change and will help in making a developed India.

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