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A STUDY OF PERFORMANCE EVALUATION OF PRADHAN MANTRI MUDRA YOJANA (PMMY) WITH SPECIAL REFERANCE TO MARATHWADA REGION.

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INTRODUCTION

An economy like India with a population of more than 1.25 billion cannot sustain, if it does not have vibrant small, medium and micro enterprises to create jobs for the burgeoning population. As per World Bank report, growth alone will not be enough to attain the higher employment rates enjoyed by other developing countries. More than 1.8 million young people will reach working age every month in South Asia through 2025 and the good news is that economic growth is creating jobs in the region, said Martin Rama, World Bank South Asia Region Chief Economist (Bank, 2018). But providing opportunities to these young entrants while attracting more women into the labour market will require generating even more jobs for every point of economic growth, Rama added. Today small, micro and medium scale provide employment to more than 20% of the working population in India. So, it is necessary that this MSME enterprises are provided with government support in the form of loans, training, exposure and support in marketing of their products. Micro enterprises face many problems. They are in backward position compared to large corporates in India. The major problems faced by small businesses or micro enterprises includes, lack of information, financial illiteracy, entry level policies, high cost, lack of infrastructure, lack of financial access and technologies barriers. Finance Minister Shri Arun Jaitely has introduced in his budget speech in 2015-2016 that there are some 5.77 crore (NSSO survey data) small business units and micro units, majorly sole proprietorship, which are functioning as small manufacturing, trading or service businesses. 62% are held by the Scheduled Cast, Scheduled Tribe and Other Backward Class. For these low-income groups, weaker sections, it is difficult to approach formal financial services and credit. Government of India (GOI) has introduced some major steps to funding the unfunded micro enterprises segment through a new financial inclusion initiative like Pradhan Mantri Mudra Yojana (PMMY). PMMY is a flagship scheme launched by the Union Government on April 8, 2015 for providing loans up to Rs. 10 Lakh to the non-corporate, non-farm small/micro enterprises. Under PMMY, all banks i.e., Public Sector Banks, Private Sector Banks, Regional Rural Banks, State Co-operative Banks, Foreign Banks and Nonbanking Financial Institutions (NBFC)/Micro Finance Institutions (MFI) are required to lend to non-farm sector income generating activities below Rs. 10 Lakh. These loans are classified as MUDRA

Loans under PMMY. For implementing the Scheme, Government has setup a new institution named, MUDRA (Micro Units Development & Refinance Agency Limited) for development and refinancing activities relating to micro units, in addition to acting as a micro finance sector, in general.

MUDRA provides refinance to all banks seeking refinance of small business loans given under PMMY. Thus, MUDRA refinances to all last mile financiers –Non-Banking Finance Companies of various types engaged in financing of small business, Societies, Trusts, Non-Cooperative societies, Small banks, Scheduled Commercial banks and Regional Rural Banks-which are in the business of lending to Micro/Small business entities engaged in manufacturing, trading and other services. MUDRA has been formed with the primary objective of developing the micro enterprise sector in the country by extending various supports like the financial support of refinance and entrepreneurship assistance. The MUDRA loan objective of "Funding the Unfunded" has twin purposes, seeding new entrepreneurs and expanding existing units. Allocation under PMMY has been doubled in Union Budget in 2017-2018 at Rs. 2.44 Lakh Crore from previous 1.22 Lakh Crore with priorities to Dalits, Tribals, Backward class, Minorities and Women.

MUDRA LOAN- AN INTRODUCTION

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, everyone from the non-farm income generating sector can seek loans up to Rs. 10 lakhs. 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 lakhsWho can borrow.

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.

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.

OBJECTIVES OF THE STUDY

1) To study the status of Mudra loans in the state of Marathwada.
2) To analyses and measure the extent of impact on various categories like SC, ST, OBC, Women micro enterprises in terms of loan sanctioned.
3) To study the gaps in providing Mudra loans to Micro enterprises.

REVIEW OF LITERATURE:

1. Raj Kumar identifies the role of innovative schemes offered by the banking sector in the upliftment of MSMEs in India. They found that Micro, Small and Medium Enterprises' (MSMEs) contribution in the development of world economy has been significant, both in terms of contribution to GDP and creation of employment opportunities. The researchers analyzed the growth in Bank credit for the MSME sector over the last decade. The review showed that the Bank credit has increased significantly for the MSME sector since the priority sector lending norms were implemented but still there is a significant gap that needs to be fulfilled when it comes to the fulfilment of the credit needs of the MSME sector.

2. Mol S.TP (2014)1: It has been clarified that there are some issues like money related Illiteracy, absence of mindfulness and client securing is high. Reserve Bank of India has started different activities to improved money related consideration. Information and communication technology offers the opportunities enhancement of financial inclusion.

3. Gupta (2015)2: studied the concept, role, rational and responsibility of MUDRA Yojana.The study also focused on offerings and functioning of MUDRA Bank, the study concluded that MUDRA will be a catalyst towards mass entrepreneurship development, employment generation and higher GDP growth.

4. An up Kumar Roy (2016)5: In a Developing country having large population like India, small businesses play an important role not only in contributing to nation GDP but also by providing employment to a large no of people. After identifying the importance of self-employment people and small business units, government of India launched MUDRA Yojana to address the financial and other constraints. This paper is an attempt to know about the MUDRA Yojana and its key objectives. The paper highlights the importance and the role of MUDRA bank towards the small business units.

5. Vijay (2018)9: Pradhan Mantri Mudra Yojana (PMMY) is one of the most important schemes of promotion of financial inclusion in India. Under this scheme, people can takea loan up to Rs. 10 lakhs to start their businesses. This paper aims to highlight the opportunity, benefits, and performance of PMMY in India especially in Tamilnadu.

RESEARCH METHODOLOGY

Research Design: The research will be descriptive in nature. The paper studies and reviews the status of Mudra loans in the state of Marathwada.

Data collection

Sources of data: Secondary data is collected through reference books, Newspaper, websites, discussions with bank officials. Both Qualitative and Quantitative data is collected.

FINDINGS

1) Mudra loans has seen steady increase in sanction of loan to micro enterprises in India.
2) Major portion of loan category belongs to Shishu category.
3) It can be seen that the number of loan sanctions and the sanctioned amount has been increasing year on year in Marathwada state. The percentage increase in the sanction of loans is more than 25% and 31% year on year.

4) It shows, banks are implementing government scheme in a very positive way.
5) The participation of the weaker sections (SC/ST/OBCs) of the society in the PMMY programmer was at 55%, in terms of loan accounts, and 34% in terms of loan amount sanctioned.
6) Also in 2017-18, 40% of loan amount sanctioned was the share of women borrowers in total loan amount sanctioned.
7) The share of women in the Shishu category is at 75%, in terms of number of accounts under Shishu, and it formed 95.78% of the loan accounts of women borrowers.
8) It can be seen that Marathwada is among top three states in all the last three years. It shows the success of Mudra in Marathwada. Out of total loan sanctioned for all India, 13 to 15% is sanctioned for the state of Marathwada.
9) The share of SC, ST and OBC categories were 18%, 5% and 32%, respectively, in terms of the loan accounts sanctioned. But the major portion of their share belongs to Shishu category.

RECOMMENDATIONS

1. The loans sanctioned are mostly in shishu category. For wider development, loans to kishor and tarun category should be increased.
2. Though the share of women is very high, it is only in shishu category and the loan size is very small.
3. It is necessary to increase loans to open category economically backward class people. No mention of this category in the report of Mudra.
4. In Marathwada, there is need of more efforts to increase the size of loans as Marathwada is an industrialized state in India.
5. The share of SC, ST and OBC categories is good but it is shishu category, It should be increased to kishor and tarun categories.
6. The number of new loan accounts during FY 2017-18 was at 26% of the total loan accounts and 38% in terms of the sanctioned amount.

CONCLUSION

Thus, Pradhan Mantri Mudra Yojana (PMMY) continues to be a major initiative of the Government of India providing credit to millions of unfunded micro units in the country. The programme has benefited 12.27 crore loan accounts with a sanction of nearly Rs. 5.71 lakh crore in the last three years. It has also resulted in benefiting about 3.50 crore new loan accounts/entrepreneurs, thereby providing employment to a large number of people across the country. Also, it has helped women's, SC/ST, OBC category entrepreneurs in India. Also due to launch of this scheme financial inclusion has increased towards positive direction. In Maharashtra, Mudra scheme has been successful. But more needs to be done. Because there is still a big gap in providing loans to the entrepreneurs. Also, there is further scope of research in terms of assessing actual impact of Mudra loans on income generation, employment generation and business expansion.

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