

PERFORMANCE OF STATES IN LOAN DISBURSEMENT UNDER PMMY

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Abstract

To run any business easily entrepreneurs need adequate fast credit facility. Pradhan Mantri Mudra Yojana is the initiative to increase the financial inclusion in the country. This scheme is useful for small business. Under this yojana there are three categories such as Shishu, Kishore and Tarun. This study analysis the number of loans, amount of loans granted by banks and state wise disbursement of loans under this scheme. The main finding of the study Tamil Nadu has highest loan disbursement under this scheme.

Keywords: PMMY, credit facility, Micro, Small and Medium Business

Introduction

The present study tries to analysis the performance of states in disbursement of loans under the PMMY. The study aims to check the disbursement of Shishu, Kishore and Tarun loans in different states. Finance Minister Shri Arun Jaitley, "announced the formation of MUDRA Bank. Accordingly MUDRA was registered as a Company in March 2015 under the Companies Act 2013 and as a Non Banking Finance Institution with the RBI on 07 April 2015. 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/micro enterprises. Such loans are given by Commercial Banks, Regional Rural Banks, Small Finance Banks, NBFCs and MFIs. The applicant can approach any of the financial institutions mentioned above or can apply portal www.udyamimitra.in". Under the scheme PMMY, three products namely 'Shishu', 'Kishore' and 'Tarun' to define the stage of growth and development and credit needs of the beneficiary micro unit entrepreneur. R.Rupa (2017) studied the MUDRA scheme in Tamil Nadu and found this scheme is successful in state, and the MFIs have contributed substantially to enhance the number of accounts finance under the MUDRA Scheme. Purnima Rao et al. (2017) study the financing problems faced by MSMEs, found that frequent issues faced by MSMEs are high interest rate of credit, illiteracy, good credit score. Lestari (2017) study analyzed the KUR scheme of Indonesia found scheme is not effective in reducing poverty and give policy.

Challenges such as improve the design of scheme, to ensure that scheme meets its poverty reduction goals, by providing finance to right sectors.

The finance constraints faced by the micro, small and medium business are

- Infrastructure Gaps
- Lack of growth orientation
- Skill Access Development Gaps
- Policy Advocacy Needs
- Lack of Marketing Skills
- lack of financial literacy

The biggest obstacle to the growth of entrepreneurship in the Non- Corporate Small Business Segment is lack of financial support. The support from the Banking sector is very less, with less than 15% of bank credit to MSMEs. The main reason of not adequate fund by banking sector is they do not maintain consistent record of account and are not come under taxation

To provide finance and refinance facility to small businesses MUDRA was initiated by the Indian Government. This scheme has been firstly formed subsidiary of Small Industries Development bank of India (SIDBI). Providing finance to small and enterprises is an economic development tool whose prime objective is to provide income generating opportunities to the poor people. It include services such as, credit plus services, financial literacy and other social support services.

1.1 Major Product Offering

Under Pradhan Mantri Mudra Yojana , MUDRA Bank has classified the borrowers into 3 segments : “the starters, the mid-stage finance seekers and the next level growth seekers. To address the three segments, MUDRA Bank has launched three loan instruments”

1. Shishu: which covers loans upto Rs 50,000 ,with interest rate is around 10% to 12%.
2. Kishor: which covers loans above Rs 50,000and upto Rs 5 lakh with interest rate is around 14% to 17%
3. Tarun: which covers loans above Rs 5 lakh and upto Rs 10 lakh with interest rate is start from 16%

2.Literature Review

Mehar L (2014) study the effect of new innovations in banking on the financial inclusion and found that due to innovations like online banking, small branches, there is increase in the financial inclusion. Mol S.TP (2014) Study the issues in financial inclusion and found absence of focus of mind, illiteracy of money and customer securing is high. RBI has initiated different activities to enhance monetary consideration. ICT provide the Opportunities enhancement of financial inclusion.

Roy, Anup Kumar (2016) Study the importance of(MSME) micro, small and medium enterprises in the economic development, and found that these small business are the foundation of economic growth and development. In the past few years the effective steps have been taken to strengthen these businesses.Dr. J. Venkatesh et al. (2017) Study showed that this scheme not only provide refinance facility but also contribute well beings of people working in MSMEs. Which further enhance the growth and development of country.

Verma S. (2015) study explained that the MUDRA scheme will not only feeding to the financial problems of Micro, small and medium enterprises but also provide moral, social support to a lot of young people to become an innovative entrepreneur.

3.Data , Research Methodology and Research Objective

For this study data is collected from the government reports on Mudra portal, and loksabha website. Data is analyzed and interpret with the help of bar graphs.

4.Research Objective

- To analysis the direction of loans of MUDRA scheme
- To analysis the state-wise disbursement amount of

5. Analysis of MUDRA loans

Loans disbursement in different state and UT, under the Mudra scheme from financial year 2016-17 to financial year 2018-19

Table 1 State-UT wise detail of loans extended under Pradhan Mantri Mudra Yojana for the last three years, year-wise							
						[Amount in Rs. crore]	
Sr No	State Name	FY 2016-17		FY 2017-18		FY 2018-19	
		No of accounts for which loans sanctioned	Disbursement Amt	No of accounts for which loans Sanctioned	Disbursement Amt	No of accounts for which loans sanctioned	Disbursement Amt
1	Andaman and Nicobar Islands	3353	78.34	3829	100.26	3722	89.76
2	Andhra Pradesh	587569	5731.8	801845	10214.1	782707	10669.25
3	Arunachal Pradesh	6109	78.67	11004	103.27	14455	114.16
4	Assam	1255754	4824.54	1713004	6570.32	2422968	9798.33
5	Bihar	3756716	11585.63	4314861	15396.75	5999640	23068.32
6	Chandigarh	19039	221.26	18257	409.15	30015	412.43
7	Chhattisgarh	884941	3209.86	962079	4501.48	1201572	5567.35
8	Dadra and Nagar Haveli	2587	22.61	3408	36.3	2900	43.91
9	Daman and Diu	774	12.08	1086	22.56	681	17.09
10	Delhi	224975	3700.51	241797	4357.35	737717	5633.83
11	Goa	31289	372.78	39397	484.45	44781	477.24
12	Gujarat	1103453	7692.07	1501226	11202.52	1826207	12983.56
13	Haryana	716622	3697.59	786328	5745.03	1081972	7281.53
14	Himachal Pradesh	82851	1214.02	91992	1801.44	119595	2192.2
15	Jammu and Kashmir	89712	1663.51	103125	2514.84	133078	3320.97
16	Jharkhand	1023593	3908.99	1212671	5233.05	1436968	6700.23
17	Karnataka	3933578	17290.7	4568493	22500.67	5806936	29345.44
18	Kerala	982260	6140.44	2289805	9282.57	2121319	11967.11
19	Lakshadweep	473	4.51	1044	11.53	626	5.66
20	Madhya Pradesh	2683052	10191.91	2899123	14357.52	3282723	16792.33
21	Maharashtra	3344154	16976.76	3596620	22266.2	4385981	25741.99
22	Manipur	21865	142.47	33186	200.68	86139	344.22
23	Meghalaya	23915	185.74	28846	212.04	35574	263.36

24	Mizoram	6973	90.31	12400	152.9	15858	215.86
25	Nagaland	11051	103.83	14141	124.61	17448	151.57
26	Odisha	2606769	7600.68	3470312	11115.88	4164432	15284.62
27	Pondicherry	130360	485.49	150477	881.77	177772	1222.59
28	Punjab	705569	4512.28	819836	6524.12	1182936	7975.54
29	Rajasthan	1204837	8823.3	1746748	13503.76	2727579	17007.35
30	Sikkim	19865	96.54	21588	112.65	26688	202.38
31	Tamil Nadu	5309857	17756.39	5860165	24980.92	7440662	33807.87
32	Telangana	482694	3780.49	789315	6430.81	982204	7660.88
33	Tripura	253807	968.55	399299	1460.6	441114	1826.48
34	Uttar Pradesh	3337547	14753.59	4401217	21174.46	4975961	24888.92
35	Uttarakhand	286579	1913.88	254783	2480.09	303340	2844.74
36	West Bengal	4566505	15480.03	4967286	19970.76	5856048	25892.29
	All India	39701047	175312.13	48130593	246437.4	59870318	311811.38

Source : As per data reported by Member Lending Institutions (MLIs) on Mudra portal

As question asked by Sh. Dilip Saikia in Lok sabha to the minister to tell about the detail of loan sanction under this scheme. As per data shared by indian government In 2016-17 total No of accounts for which loans sanctioned 39701047 and disbursement amount is of Rs. 175312.13 crores. In which highest accounts was from Tamil Nadu, West Bengal, Karnataka, Bihar Maharashtra, UP respectively. And in year 2018-19 No of accounts for which loans sanctioned 59870318 and disbursement amount is of Rs 311811.38 crore and highest was from Tamil Nadu, Bihar, West Bengal, Karnataka, UP respectively. The southern state have highest number of accounts and disbursement amount during all th three financial years.

Table 2 Category-wise classification of loans disbursed under Pradhan Mantri Mudra Yojana for the last three years, year-wise

Category	FY 2016-17	FY 2016-17	FY 2017-18	FY 2017-18	FY 2018-19	FY 2018-19
	No of accounts for which loans	Disbursement Amt	No of accounts for which loans	Disbursement Amt	No of accounts for which loans	Disbursement Amt

	sanctioned		sanctioned		sanctioned	
Shishu	36497813	83891.88	42669795	104228.05	51507438	139651.55
Kishore	2663502	51063.12	4653874	83197.09	6606009	99868
Tarun	539732	40357.13	806924	59012.25	1756871	72291.84
Total	39701047	175312.13	48130593	246437.4	59870318	311811.38

Source : As per data reported by Member Lending Institutions (MLIs) on Mudra portal

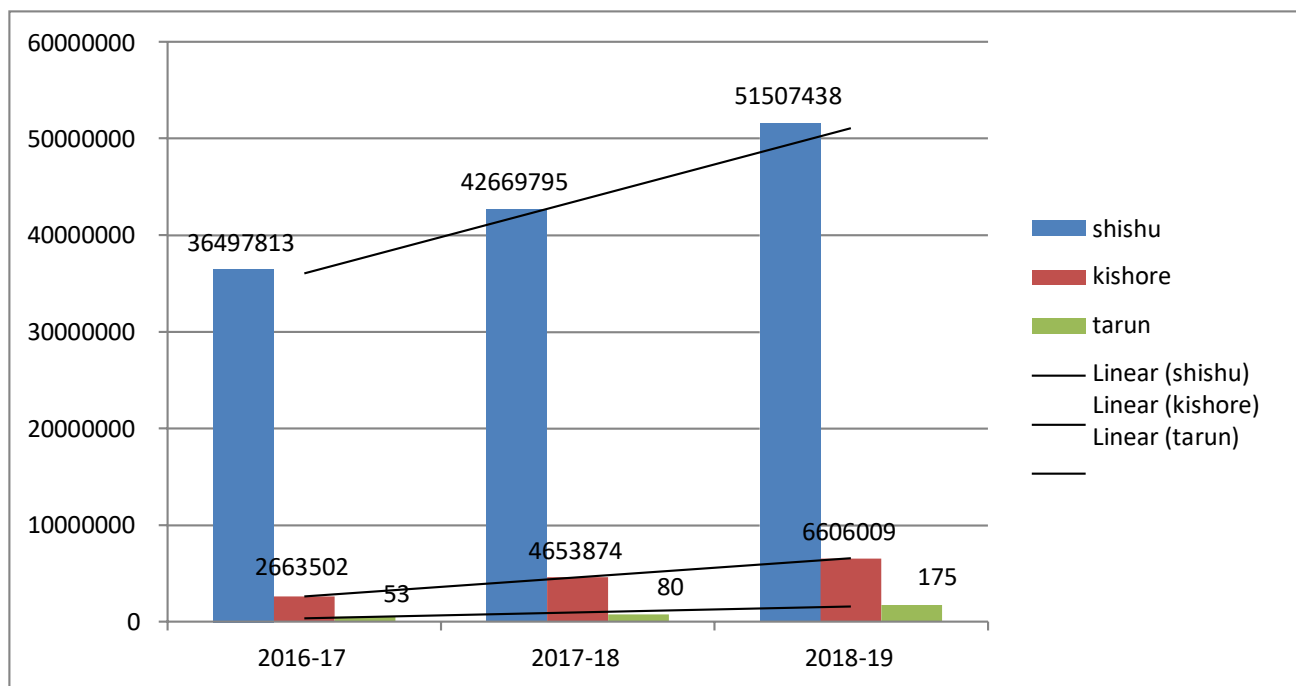


Figure 1 Trend of Number of accounts for which loan sanctioned under MUDRA scheme

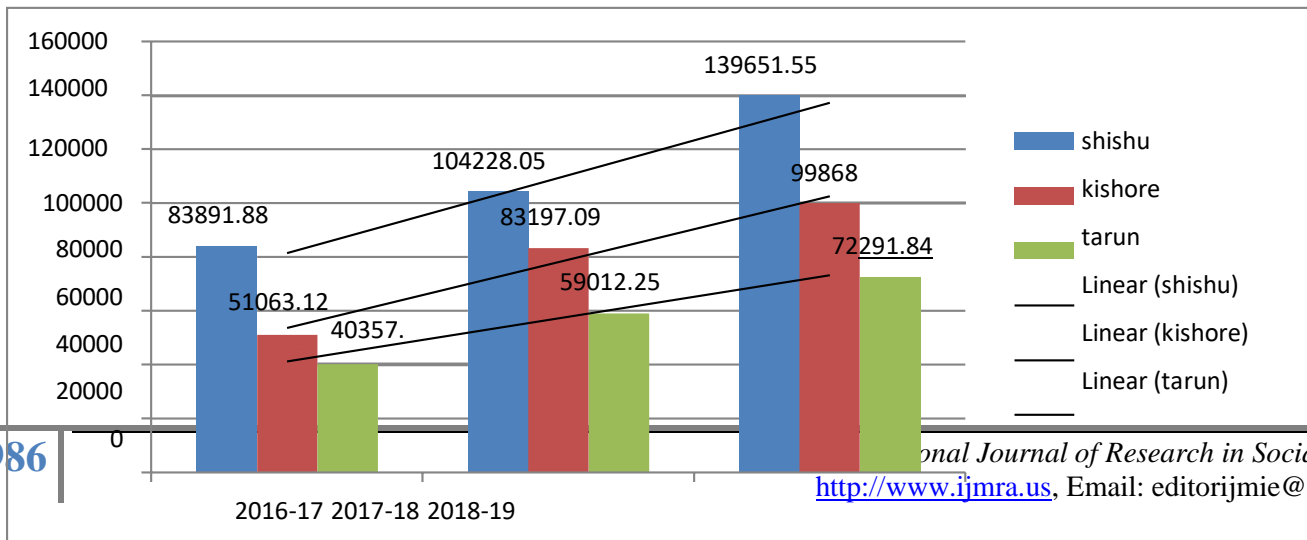


Figure 2 Disbursement amount during the years under this Scheme.

Table two shows the number of account and disbursement amount in shishu, Kishore, Tarun loans, in financial year 2016-2017 for shishu loans number of accounts for which loans sanctioned is 36497813 and disbursement amount is Rs. 83891.88 crore. For Kishore accounts 2663502 and loan amount Rs. 51063.12 crore for Tarun no of accounts 539732 and loan amount of Rs. 40357 crore. In financial year 2018-19 number of accounts for which loan sanctioned for shishu loans 51507438 accounts and amount disbursement is Rs. 139651.55 crore , for Kishore loans 6606009 accounts disbursement is Rs. 99868 crore and for tarun loans 17556871 accounts and amount disbursement is Rs. 72297.84 crore. The number of applicants and disbursement amount increase throughout the year which shows a good sign of effectiveness and growth of economy with the help of this scheme.

5.Conclusion:

The PMMY,or MUDRA Yojana is the government's initiative to refinance and guarantee scheme aimed at providing access to credit facility or non-corporate and small enterprises. MSME provide employment to more than 20% of the working population in India. So it is important that this micro, small and medium enterprises are provided with government support in the form of credit, training, exposure and help in marketing of their products. The major hurdle faced by small,medium businesses or micro enterprises includes, lack of financial knowledge, primary level policies-regulation , high cost of production, lack of supportive infrastructure, lack of financial support and technologies barriers. Government of India came up with MUDRA loans in 2015 to support this small enterprises by giving collateral free loans. Study found that over more than 93% of the loans under this scheme disbursed are below Rs.50000. , most of the loan disbursed in southern region. And accounts sanction for loans and disbursement amount is in upward trend in all Shishu, Tarun and Kishore loans.

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