

Impact Of Pradhan Mantri Mudra Yojna On Women Entrepreneurs - A Comprehensive Review

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Abstract:

Women make up nearly half of India's total population, but when it comes to employment and entrepreneurship, women's participation rate and opportunities are extremely low. Since women come under the vulnerable section of the population, careful attention or due importance should be given to them to come out of their vulnerability in terms of economic, political, and social terms and lead an independent life. Women's empowerment can be achieved only when they are economically and financially independent. To be economically and financially independent, they need a special care and support system in terms of infrastructure like banks, markets, etc. The support system from government, civil society, self-help groups, women's associations, and non-government organisations plays a crucial role in the upliftment of women from all vulnerabilities and encourages them to take active participation in economic activity like entrepreneurship. The point of discussion is the mention of one central government scheme called Mudra Yojana, which is massively promoting women's entrepreneurship in terms of the number of women's accounts opened and loans sanctioned to them year after year.

Keywords: Banks, Women Entrepreneurship, Mudra Scheme, Interest Subvention.

INTRODUCTION

Financial inclusion was one of the main objectives of the government of India and to achieve this milestone, the Honorable Prime Minister of India, Narendra Modiji, announced the Mudra and PMMY schemes in the year 2015 in a historical event. To finance the unfinanced micro enterprises, this scheme was launched. Due to the lack of access to credit to the micro and small business sectors from the formal financial system, these sectors were borrowing money from the informal financial system at an exorbitant interest rate, which was driving these micro entrepreneurs into the vicious cycle of debt trap and out of business and economic activity. The MudraYojana loan has a reasonable interest rate and is a collateral-free loan given to non-corporate, non-farm micro, and small business sectors up to 10 lakh rupees. The Mudra loan is

segmented into three parts, and they are Shishu, Kishore, and Tarun. Up to 50,000 rupees is sanctioned under the Shishu category; 50,000 to 5, 00,000 rupees is sanctioned under the Kishore category; and 5, 00,000 to 10, 00,000 rupees is sanctioned under the Tarun category. The major beneficiaries of this scheme are OBC/SC/ST and women entrepreneurs. This scheme is a boom to the vulnerable section of society who desire to be entrepreneurs. Out of the total beneficiaries, women receive the majority share in the scheme, which is almost more than 50%, and under the Shishu category, the number of accounts opened and loans sanctioned to women was more than 60%, which is a good sign that women are becoming entrepreneurs and playing in the main stream economic activity along with men. To assist the micro entrepreneurs to come out of the tide of difficulties in the times of covid

and lockdown, the government has announced an interest subvention scheme of 2% on Shishu scheme beneficiaries.

In terms of the number of accounts opened and loans sanctioned to women entrepreneurs, the Mudra Yojana is mainly acting as a catalyst in promoting women's entrepreneurship in India. Interestingly, the status of women in India in terms of economic and financial aspects is different and miserable. Of the total population in India, women constitute almost 50% of the total population. Though they are equal to men in terms of population, their participation in employment is very low and the opportunities available to them are also very limited. As per a few reports, women's labour force participation is 27.2%, which is less than men's. The contribution of women to the GDP remains at 18% as per the Times of India, and India ranks 120 among 131 countries in female labour force participation rates (economic times). When India is compared to China, it is surprising to know that women's labour participation is 40% in China, which is far ahead of India and reaping the economic benefit. The World Bank says that India could boost its growth by 1.5% to 9% per year if around 50% of women could join the work force (world banks' women in India's economic growth).

In India, women are recognised as a vulnerable section of the population who are exploited and deprived of their rights in this patriarchal and male-dominated society. So in order to give them their rightful shares and empower them, the government comes up with various schemes to lift them from all odds. One such scheme is the Mudra Yojana, which gives collateral-free loans to women to become entrepreneurs and become economically and financially independent. The importance of women's empowerment is enshrined in our Indian constitution itself under various articles and provisions. Article 14 of the Indian constitution speaks of the right to equality

and it is the right of women to be treated equally on par with men. Article 19 of the constitution speaks of six rights and one of them is freedom of profession. That is, anyone can start any profession which is legal in India and so can women. Article 21 of the constitution speaks about the right to live a dignified life. These are fundamental rights and are guaranteed. But there are other parts of the constitution like the directive principle of state policy and fundamental duties that are not enforceable in a court of law but speak in length about providing an adequate means of livelihood for all citizens and equal pay for equal work under article 39 of the constitution, and lastly, article 51A of the constitution says that it is the duty of every individual to renounce practices derogatory to the dignity of women. Despite having all these provisions in the constitution, we are still lacking in bringing women into the main stream of economic activity and being independent in leading a dignified life. But the hopes come from schemes like Mudra Yojana, which are changing the way of women's lives in terms of economic activity and enabling them to become the boss of their own firm and create employment opportunities for others.

In 2015-16, the scheme sanctioned Rs 1.33 lakh crores to nearly 3.48 lakh borrowers, and as of March 26, 2021, loans sanctioned by member institutions totaled Rs 15.10 lakh crore to 28.81 crore beneficiaries (department of financial services, finance ministry). A Mudra card is available to the beneficiaries, and also an overdraft facility is available to meet their working capital requirements. Member lending institutions are major players in this scheme, whole loans to the eligible beneficiaries, and they are banking institutions, non-banking institutions, small finance banks, etc. The major beneficiaries under these schemes are beauty parlors, barbers,

potters, fitness clubs, street vendors, petty shops, cloth shops, tailors, weavers, garment shops, etc.

LITERATURE REVIEW:

(February 2018, B.S.) Women entrepreneurs are facing so many problems like marketing, decision-making, balancing personal and professional life, access to credit, cut-throat competition, etc. and the government is addressing a few problems to bring women to the mainstream as entrepreneurs, which contribute to their development as well as economic development. (Ajay Kumar) The study was conducted in Jammu and Kashmir to ascertain the relationship between access to finance and the reduction of poverty, and it was found to have a positive result. Mudra Yojana, which is access to credit for the unbanked, is reducing poverty. (Kumar, 2019). The main goal of Mudra Yojana is to fund the unfunded, and it is having a positive impact because previously, the unregistered and informal sectors did not have access to formal credit, but now they do thanks to this scheme. A study was conducted in Maharashtra to review the mudra Yojana and it was found that the share of women in the Shishu category is 75% and the

number of accounts opened by women under this category is 95.78%.

OBJECTIVE:

1. To research the Mudra Yojana and its initiatives to promote women's entrepreneurship.
2. To assess the mudra Yojana's components that benefit women the most.

RESEARCH METHODOLOGY:

Descriptive research with secondary data from the Mudra website, Mudra Yojana annual reports, periodicals, newspapers, and other sources forms the basis of the study. Female Mudra scheme beneficiaries from 2016 to 2020 are the source of the study's data. To clarify the goal, statistical methods like bar graphs, charts, and averages have been used.

COMPONENTS:

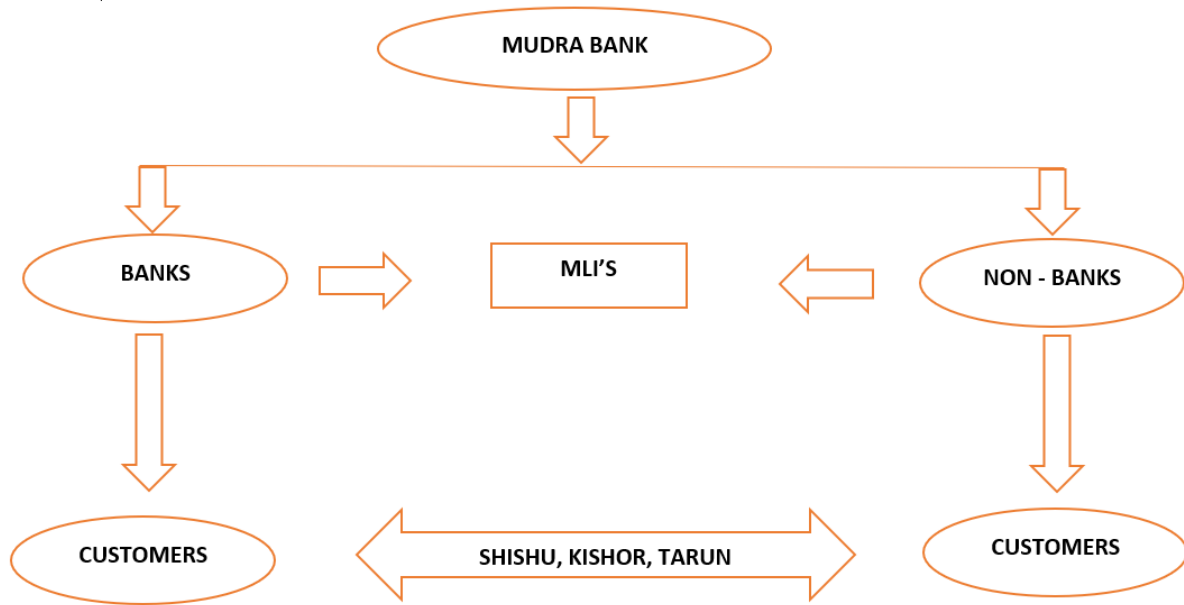
Shishu, Kishore, and Tarun are the Mudra Yojana's constituent parts, and they are grouped according to the total amount that will be sanctioned. A mudra card is additionally offered to the borrower under this.

Components of Mudra Yojana		
SHISHU	KISHOR	TARUN
up to 50000	50,000 - 5,00,000	5,00,000 - 10,00,000

MECHANISM:

A public sector financial organisation in India, Mudra is a micro unit development and refinance agency, Ltd. At reduced interest rates, it offers loans to non-banking financial institutions and

microfinance organisations. These businesses also known as Member Lending Institutions which offer loans to qualified clients who have opened mudra accounts with the bank.



DATA ANALYSIS:

Micro unit development agency publishes annual data of mudra beneficiaries and mudra accounts in its official websites for all the stakeholders concerned. Data's are classified elegantly in terms of region wise, state wise, gender wise,

caste wise (OBC, SC & ST), bank wise etc. Data are also classified in terms of performance wise also. Below mentioned data is the extracted data from the annual report of mudra official website and only women beneficiary's data's are extracted for the analysis purpose.

CHART- 1

WOMEN BENEFICIARIES								
Category/ years	SHISHU		KISHOR		TARUN		TOTAL	
	No. of A/Cs	Amount (crores)	No. of A/Cs	Amount (crores)	No. of A/Cs	Amount (crores)	No. of A/Cs	Amount (crores)
2016-2017	2,84,72,000	66,997.91	6,25,000	9,541.63	50,000	3,750.13	2,91,47,000	80,289.68
2017-2018	3,21,44,132	8,03,71.59	13,35,192	16,586.84	78,914	6,295.70	3,35,58,238	1,03,254.12
2018-2019	3,34,03,579	96,253.15	28,75,392	26,741.23	7,83,591	10,039.23	3,70,62,562	1,33,033.62
2019-2020	3,57,17,217	1,09,660	29,88,307	26,477	3,97,825	9,045	3,91,03,349	1,45,182

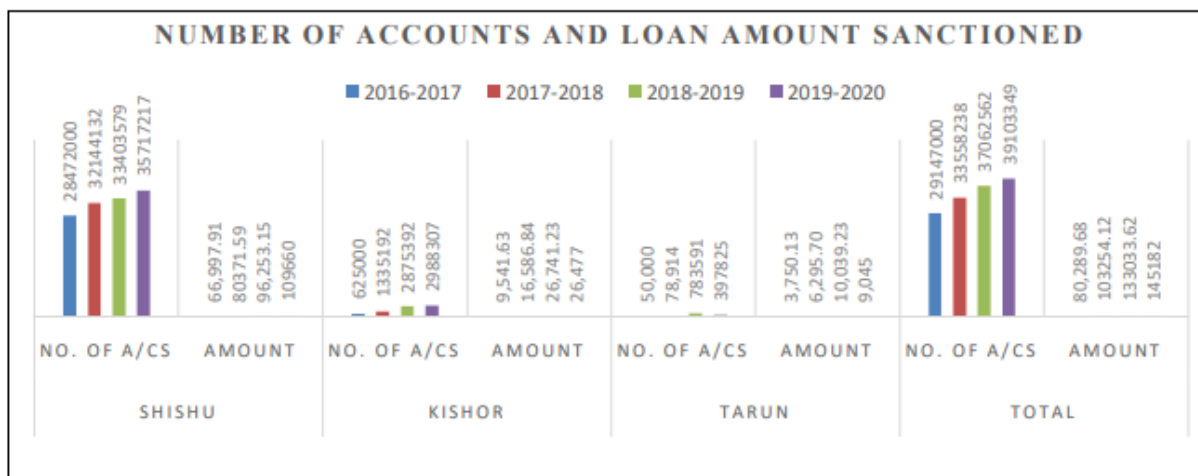
SOURCE: MUDRA YOJANA (ANNUAL REPORTS)

The data mentioned above is from the period of 2016-17 to 2019-20. Only women's data is taken to analyse whether there is an increase in the number of beneficiaries and number of accounts opened under this mudra scheme from year to

year. The data reveals intriguing facts, such as an increase in the number of beneficiaries between 2016 and 2020. And out of the total beneficiaries of the schemes, the major beneficiaries are women entrepreneurs; that is more than 50%.

And also, interestingly, the number of accounts opened under the scheme is also increasing year on year, which is creating a positive environment for women's development in terms of being an entrepreneur and being economically and financially independent.

The data is represented graphically below to give us a clearer picture of the different categories of loans opened and the total amount of money sanctioned.



According to the graph above, the number of women account holders is increasing year on year, rising from 2, 84, 72,000 in 2016 to 3, 57, 17, 217 in 2020 under the Shishu scheme. Under the Kishor scheme, the number of accounts opened is from 6, 25,000 accounts to 29, 88307 accounts in 2020. And from the Tarun scheme, the number of beneficiaries has increased from 50,000 in 2016 to 3, 97,825 in 2020. Hence, there is a positive growth rate from 2016 to 2020 in terms of all categories of loan

accounts opened. From the above data and the graph, it is very clear that the total amount sanctioned and the number of accounts opened is much greater in the Shishu category of loans than in the other two categories of loans.

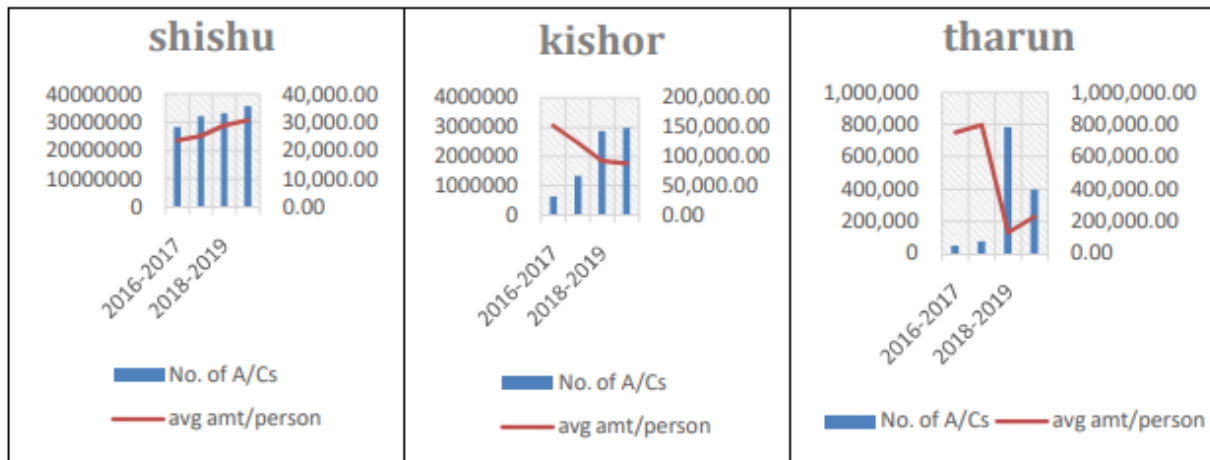
The below chart represents the number of accounts opened by women entrepreneurs and the average amount received per borrower under each category of loan.

CHART- 2

WOMEN BENEFICIARIES						
Category/ Year	SHISHU		KISHOR		THARUN	
	No. of A/Cs	Avg Amt/Person	No. of A/Cs	Avg Amt/Person	No. of A/Cs	Avg Amt/Person
2016-2017	28472000	23,531.00	625000	152,666.00	50,000	750,026.00
2017-2018	32144132	25004	1335192	124,228.13	78,914	797,792.53
2018-2019	33403579	28,815.00	2875392	93,000.29	783591	128,118.24
2019-2020	35717217	30702	2988307	88,602	397825	227,361

SOURCE: SECONDARY

DIAGRAM - 2



SOURCE: SECONDARY

According to the above chart and graph, the average amount received by shishu category borrowers ranges from Rs 23,531 in 2016 to Rs 30,702 in 2019, with an increase in the average amount received by borrowers from year to year despite an increase in the number of accounts opened. Hence, under the three categories of mudra Yojana, the shishu category is performing tremendously for women entrepreneurs. The other two categories of loans under mudra, namely Kishor and Tharun, show a drop in the average amount received per person from 2016 to 2019. Therefore, the shishu scheme is a boon to women entrepreneurs who want to start their own business and become independent financially and economically.

KEY FINDINGS:

- Year on year there is an increase in women entrepreneurs since its inception.
- Majority of the women beneficiaries comes under Shishu category.
- Number of accounts opened by the women beneficiaries increased from 2, 91, 47,000 in 2014 to 3, 91, 03, 349 in 2019.

- The average amount dispersed per person under Shishu category women beneficiaries increased from 2014 to 2019.
- Unlike other categories like Kiran and Tharun the Shishu categories women beneficiaries' average amount dispersed per person increased gradually.

ADVANTAGES OF MUDRA YOJANA TO WOMEN ENTREPRENEURS:

- Collateral free-loans.
- Comparatively low interest rate.
- Interest subvention of 2% is available to shishu category borrowers.
- Funding the unfunded (unregistered/informal business sectors can easily avail this fund).
- Mudra card to meet their working capital requirements.
- Loans are classified based on the OBC/SC/ST/WOMEN which determines their status and helps government to take appropriate measures.
- Increase in the number of entrepreneurs.
- Creating the employment opportunity

- Economic and social status of women is increasing
- Women are becoming independent economically and financially
- Standard of living of women is increasing

CURRENT DEVELOPMENTS:

One of the government's initiatives under the Mudra Yojana is the interest subvention programme, which helps borrowers (Shishu) get through financial hardships in times of crises like pandemics, which denies small business owners the chance to succeed as independent, self-sufficient businesses. The loans that are granted at a subsidised interest rate are essentially what the term "interest subvention scheme" alludes to. For instance, if the interest rate is 8% for Shishu loans, the borrowers will receive a loan at 6% thanks to the interest subvention scheme. A 2% interest subvention is provided under the plan, but exclusively to borrowers in the Shishu category. Any MLI that is a member of the Mudra Yojana is qualified to apply for this by submitting the Annexure III form made available by the SIDBI. The chosen nodal authority authorised to conduct this subvention plan is SIDBI. Under this programme, recipients receive a 2% interest subsidy for a 12-month period if they have a solid track record of on-time payments and no non-performing assets (NPAs). For their mudra loans, all MLIs must submit their information via the PMMY Portal.

The MLIs are in charge of informing the borrowers about this programme, which is exclusively available to borrowers in the Shishu category. All MLI claims must be certified and countersigned by one of MLI's independent chartered accountants or the organization's statutory auditors. Finally, subject to the availability of money from the GOI (department of financial service, ministry of finance), the SIDBI will issue monies against the MLI's claim.

This scheme was developed primarily to assist small business organisations in overcoming the challenges brought on by the COVID lockdown and it was made public in accordance with the Atma Nirbar Abhiyan. The scheme's projected price would be around Rs. 1,542 crores (dristimagazine). Given that the majority of recipients of Shishu loans are women and since only Shishu loan borrowers are eligible for this programme, the interest subvention scheme will benefit female entrepreneurs.

CONCLUSION:

Women's rights are a critical pillar for the country's economic progress. If women were given the right opportunity and resources, they would bloom like flowers and share their fragrance to others. Her employment adds additional talents and expertise to the company, allowing it to compete in the market. Successful entrepreneurs such as Kiran Mujumdar Shaw, the creator of Biocon, and a few others demonstrate that women are no less than males and can achieve great things. The government is assisting women entrepreneurs by providing financial and other supports such as counselling, training, and skill development; however, more needs to be done, such as reserving specific businesses for women only and allocating a certain percentage of mudra loans to women entrepreneurs.

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