



Impact of MUDRA Yojana on Women, SC, ST and OBC in Patna District

• Akriti Muni • Shiza Sayeed • Snigdha Shubham
• Veena Kumari

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Corresponding Author : Veena Kumari

Abstract: *Pradhan Mantri MUDRA Yojana is a financial initiative which provides loans to small scale enterprises. This scheme is meant for SC, ST, OBC and women. The aim of implementing the MUDRA Yojana was to provide easy loans to those who found it difficult to get loans from banks. The loan would be utilized for starting or developing their own business. It was launched with a purpose of improving the status of small business men. It also aims at the faster development of the Indian economy by helping citizens to be self-employed. Hence, MUDRA is a step in the right direction, but the*

government must set up strict monitoring measures and rules to solve the problems arising in relation to the scheme.

Key Words: MUDRA Yojana, Small Entrepreneurs, SC, ST, OBC and Women.

Introduction:

Pradhan Mantri MUDRA Yojana was launched by the Prime Minister, Narendra Modi on 8th April, 2015 with the slogan – “**FUND THE UNFUNDED**”. MUDRA is an acronym for **Micro Unit Development and Refinance Agency** and was set up by the government of India for the development and refinement activities relating to micro units. MUDRA Yojana was created in order to facilitate the development of financially unstable businessmen and entrepreneurs. Small entrepreneurs were often exploited at the hands of money lenders. MUDRA was setup by GOI to save them from those loan sharks. The Mudra Yojana conveys the message that the country is ready to support the small scale entrepreneurs in their contribution in nation building. It provides loans from public sector, regional rural state and urban cooperative banks to non-farming income generating enterprises in manufacturing, trading and services whose credit needs are below Rs. 10 lakh. Pradhan Mantri MUDRA Yojana can be availed under three categories – Shishu, Kishore and Tarun. Making micro finances available to the small businessmen helps in the development of the country too. Prime Minister, Narendra Modi wanted to bring the unbanked population to banks so that people can be more self-dependent. Government has clarified that women, SC,

Akriti Muni

B.A. III year, Economics (Hons.), Session: 2015-2018,
Patna Women's College, Patna University, Patna,
Bihar, India

Shiza Sayeed

B.A. III year, Economics (Hons.), Session: 2015-2018,
Patna Women's College, Patna University, Patna,
Bihar, India

Snigdha Shubham

B.A. III year, Economics (Hons.), Session: 2015-2018,
Patna Women's College, Patna University, Patna,
Bihar, India

Veena Kumari

Assistant Professor, Deptt. of Economics,
Patna Women's College, Bailey Road,
Patna-800 001, Bihar, India
E-mail : drveenaeco@gmail.com

ST and OBC category would be given preference while giving loans under this scheme. It also includes special benefits for women.

MUDRA Yojana focuses on empowering the women. This scheme launched by the government of India is trying its very best to improve the status of women. It provides loans and encourages women to start new ventures. Hence, MUDRA empowers women by providing the financial security of individual income. Women entrepreneurs are recognized as vital for economic growth. They create jobs for themselves and others and also provide the society with different solution to management, organization and business problems. However, they still represent a small part among all the entrepreneurs. The Indian government, through MUDRA Yojana, has allotted a specific sum of money that is to be distributed only to women entrepreneurs.

The finance minister said that the priority in lending loans under MUDRA Yojana will be given to enterprises run by the people belonging to the SC and ST. The government initiates that there are 3.57 crore small units that are run by those belonging to socially disadvantaged classes (including OBC) out of a total of 5.77 crore small business units in the country.

Pradhan Mantri MUDRA Yojana offers maximum benefits at minimum risks for micro businesses. People can now avail loans at a nominal rate of interest. This is also a perfect scheme for those who want to start a business venture but are restricted due to lack of credit.

MUDRA loan is not meant for rich businessmen who already have a flourishing business. The loan cannot be availed for educational purposes or for fulfilling personal requirements.

Repayment of loan is made easy to facilitate the budding entrepreneurs. No security is taken before approval of the loan. The generous terms of loan repayment has helped making the MUDRA scheme successful and a popular loan option for the growth and development of micro business.

Interest rates of MUDRA loan varies from 11%-17% depending of different banks.

- If loan availed under SHISHU, up to Rs.50,000, nominal rate of interest is charged which is around 11-12%.
- If loan is taken under KISHORE scheme, which should be up to Rs. 5 lakh, it falls under the unsecured loans category and hence the interest rates are fixed between 14%-17%.
- If loan is availed under TARUN (loans from 5-10 lakhs) interest rate will be at the high end—starting from 16% and it often varies from bank-to-bank.

Benefits of Pradhan Mantri MUDRA Yojana:

- This is a security or collateral free loan.
- Problem faced in setting up infrastructure will be resolved.
- It will increase liquidity and access for funds for small scale business.
- Interest rates of MUDRA loans are pretty affordable i.e., 1% per month.
- Subsidy is not given to the borrower for the availed loan.

Some of the features are mentioned below:

- The Pradhan Mantri MUDRA Yojana is said to benefit more than 58 million small business owners in the country. This is a sector under which more than 120 million people are employed and this working population mostly comes from less privileged sections of society.
- The majority of small business-owners in India have always remained outside the ambit of mainstream bank credit. This is because banks and financial institutions focus their product and services for the secured business lot, who would be able to the repay high interest rates. Pradhan Mantri MUDRA Yojana, on the other hand is aimed at financial inclusion.
- Institutional finance has always been relevant to small business. However, inadequate corpus and unorganized management of credit facility to small entrepreneurs never really made it reach the needy entrepreneurs. Many young and budding entrepreneurs' dreams can now find fulfillment with the aid of MUDRA scheme.
- Repayment has always been a concern for financial institution's hesitation in providing required finance to small business owners. This initiative from PM's Office, is said to address this problem too and thus help financial institutions and needy small business owners come on one single platform.

Services offered:

- Portfolio Credit Guarantee: Traditional financing in India context adopts an asset based lending approach with emphasis on collaterals. Micro units, most of the times, are

unable to provide the comfort of collaterals. Hence, MUDRA loan i.e., loans up to Rs.10 lakh, have been made collateral free, as per the RBI norms in the regards.

- **Credit Enhancement:** Facilities offered to cover probable losses from a pool of securitized assets in the form of credit risk cover through a letter of credit, guarantee or other insurance from the originator/co-originator or third party to enhance investment grade in any securitization process. First loss facility is the first level of credit enhancement offered as a part of the process in bringing the securities to investment grade. Second loss facility provides the second/subsequent tier of protection against any potential loss.
- **MUDRA Card:** MUDRA Yojana provides MUDRA Card which makes it easy for the card owner to avail loans. It provides credit to micro entrepreneurs not only to increase the number of beneficiaries but also the number of benefits.

Objectives:

1. To study the impact of the Mudra Yojana on women, SC, ST and OBC.
2. To analyse the benefits that the Yojana provided to informal and small entrepreneurs.
3. To study the rise in employment opportunities after the implementation of the Pradhan Mantri MUDRA Yojana.

Hypotheses:

1. MUDRA Yojana enhances the business sense of women, SC, ST and OBC.
2. MUDRA Yojana has helped financially fragile people become self-reliant.
3. MUDRA Yojana has increased the level of employment.

Methodology:

Methodology plays an important role in any type of research work. The methodology adopted for extracting the data required for the study was survey method.

The study is based on both primary and secondary sources for the purpose of data collection. For collecting primary data, 55 loanees and 12 bank managers were interviewed. The people interviewed were MUDRA loan holders.

The sampling procedure considered for the study was non-random sampling. The secondary data were provided by the **Lead Bank** of Patna.

Findings and Analysis:

The survey conducted by us has revealed the following conclusions:

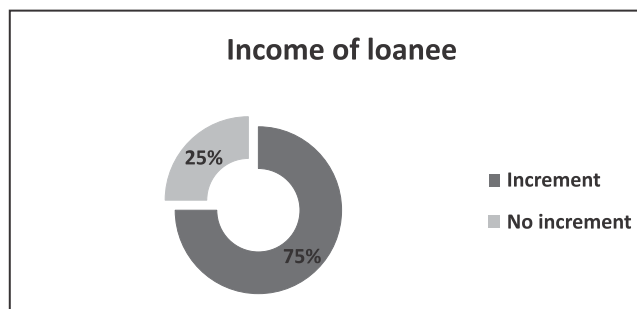


Fig. 1.

After taking MUDRA loan, the income of 75% of the people increased while 25% of them had no change in their income. This means that even though a majority benefitted from MUDRA Yojana there are still some who have not properly utilized the scheme.

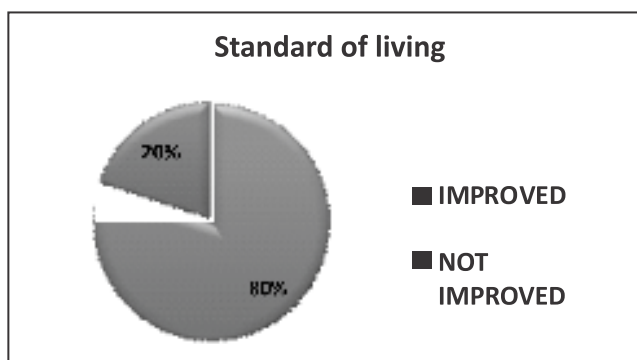


Fig. 2.

Increase in income means that the standard of living of the people have also improved. 80% of the loanees have improved their lifestyle by making appropriate use of MUDRA Loan. Remaining 20% of the loanees are still following their old way of life.

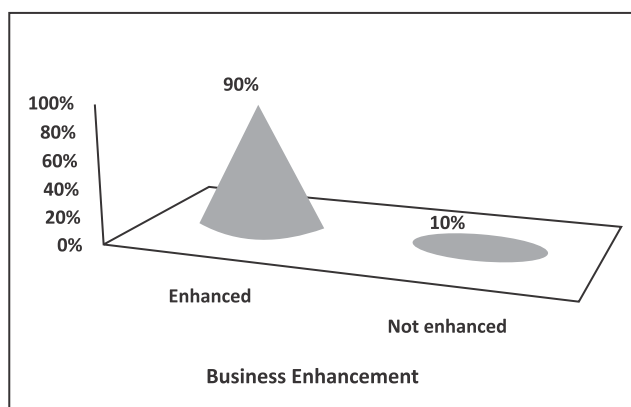


Fig. 3.

Improved standard of living and increased income has resulted in the enhancement of the business sense of the loanee. Among all the loanees, 90% of them have enhanced their business sense and 10% are still struggling to improve their business.

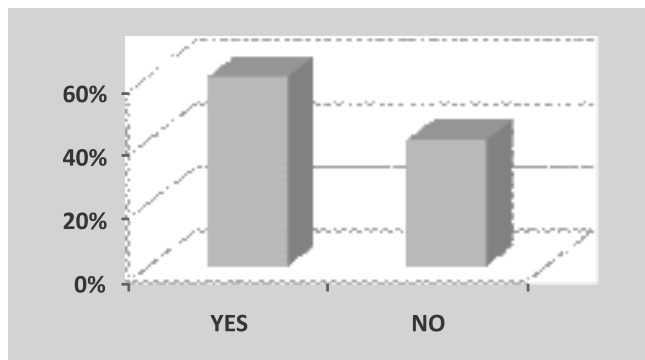


Fig. 4.

60% of the loanees are able to technologically advance through MUDRA Yojana. However, 40% are not successful to do so (Fig. 4).

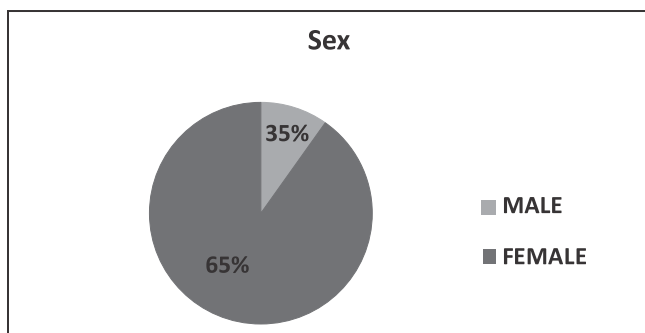


Fig. 5.

Above chart indicates that 35% of males and 65% females benefitted from this scheme, GOI's objective to empower women surely looks achievable now.

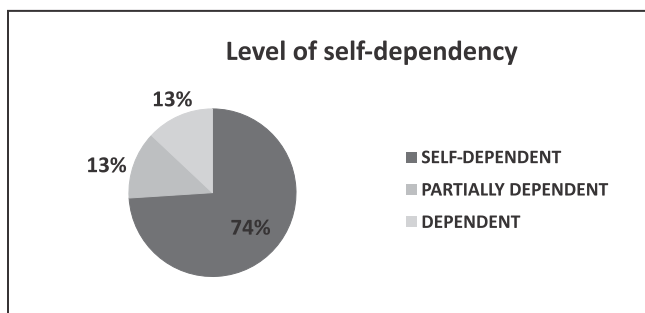


Fig. 6.

MUDRA Yojana has helped people to be self-dependent and the study shows that 74% of them are able to do so. Though 13% of them are still struggling to be self-dependent, their ratio is minor and chances are that they will be able to be self-depend soon. The positive fact is that the remaining 13% are only partially dependent.

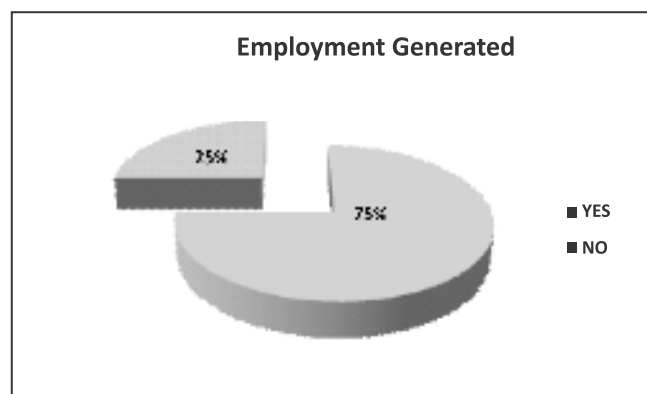


Fig. 7.

MUDRA Yojana has also generated employment in the business sector. People who have taken loan and have started their own business have also employed others as their helping hands. Hence, 75% of the loanees have generated employment.

Table 1. Amount of Loan Sanctioned as on December, 2016

Bank's Name	Shishu	Kishore	Tarun
Canara Bank	137.14	285.05	432
State Bank of India	292	269	3842
Punjab National Bank	235	957	6230
Indian Overseas Bank	6.030	64.30	33.75
Total	670.17	1575.35	10537.75

From analysis it was found that State Bank of India has sanctioned the maximum amount as loan i.e. 292 lakh under Shishu category. Indian Overseas Bank has sanctioned the minimum loan (Rs. 6.030 lakh) under this category. Rs. 64.30 lakh has been sanctioned under Kishore category by Indian Overseas. The maximum amount has been sanctioned by Punjab National Bank. Punjab National Bank has sanctioned Rs. 6230 lakh of MUDRA loan under Tarun category which was the maximum amount and Indian Overseas Bank has sanctioned Rs. 33.75 lakh of loan under Tarun category which was minimum.

Table 2. Number of Loan Sanctioned as on December, 2016

Bank's Name	Shishu	Kishore	Traun	Total
Canara Bank	336	274	88	698
State Bank of India	529	868	463	1860
Punjab National Bank	960	474	84	1518
Indian Overseas Bank	15	29	4	48
Total	1840	1645	639	4124

Total MUDRA loan sanctioned from Canara Bank under Shishu category as on dec'2016 was 336, under Kishore category was 274 and under Tarun category was 88. From State Bank of India MUDRA loan sanctioned under Shishu, Kishore and Tarun category was 529, 868 and 463 respectively. Punjab National Bank sanctioned 960 MUDRA loans under Shishu category, 474 MUDRA loans under Kishore category and 84 MUDRA loans under Tarun category. Indian Overseas Bank sanctioned 15, 29 and 4 MUDRA loans under Shishu, Kishore and Tarun category respectively. Hence, the total number of MUDRA loan sanctioned from Canara Bank was 698, from State Bank of India was 1869, from Punjab National Bank was 1578 and Indian Overseas Bank was 48 from Patna district.

Conclusion:

- It is evident from the above analysis that 90% of people who took MUDRA loan enhanced their business sense as their income increased after taking MUDRA loan and they are able to strengthen their business technologically. Remaining 10% of the people did not get benefit of the MUDRA loan and hence they were not able to promote their business.

Based on: Figure 1, Figure 2, Figure 3, Figure 4 and Figure 5.

- From analysis, it can be concluded that 74% of the people who took MUDRA loan are now self-dependent. They have increased their income because their business expanded due to the scheme. While 13% of them are partially dependent, could not get the benefits of the scheme as expected. Remaining 13% of the people still depend on others as MUDRA loan has not proved to be helpful for them.

Based on: Figure 1 and Figure 6

- 75% of beneficiaries are now able to generate employment for other as their income has increased and they are able to pay them. However, 25% of the loanees are not able to

generate employment as they themselves are lacking in the standard of living.

Based on: Figure 1, Figure 2 and Figure 7

Recommendations/Suggestions:

- MUDRA loan will be difficult to recollect as no security is taken by the bank before sanctioning the loan. Hence, government should make such provisions that compel the loanee to repay the loan.
- MUDRA loan should be made available to individuals who are below the poverty line.
- Government must raise the limit of loan under Shishu category of MUDRA Yojana as Rs. 50,000 is a very small amount which does not benefit small entrepreneurs much.
- Government should review the implementation of MUDRA Yojana to make the loan easily available.

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