

An Analysis of Financial Performances of MUDRA Yojana

Dr. Vishal Rajendra Sandanshive

Assistant Professor,

KCES's Institute of Management and Research, Jalgaon

Email ID: vishal.rajsi@gmail.com

Abstract:

After implementing PMJDY scheme, there is felt need to develop the innovative financial products and services in India through the introduction of new and dynamic agencies. This would help in expanding the financial inclusion across the country, especially credit facility and other related products. In this direction, Pradhan Mantri Mudra Yojana (PMMY) was launched in 2015. Micro Units Development and Refinance Agency Ltd (MUDRA) was set up by Government of India. MUDRA scheme is accountable for refinancing and developing all types of small business activities i.e. micro-enterprise sector by providing support to the finance institutions. In this paper the researcher has made an attempt to analyzed financial performance of MUDRA scheme over the last 3 years.

Keywords: MUDRA, Shishu, Kishor, Tarun, PMMY, Micro enterprises

I. Introduction:

Financial inclusion is a process of providing the financial services at an affordable rate to all sections of the society, especially the financially disadvantaged and less-privileged sections of the society. Financial inclusion is about ensuring a bank accounts to every individuals and also providing various facilities like credit, deposit, payment, transfer of funds, insurance and so on. PMJDY scheme ensures that all adult population is to have a bank account. After implementing PMJDY scheme, there is felt need to develop the innovative financial products and services in India through the introduction of new and dynamic agencies. This would help in expanding the financial inclusion across the country, especially credit facility and other related products. In this direction, Pradhan Mantri Mudra Yojana (PMMY) was introduced in the year 2015. Government of India has set up Micro Units Development and Refinance Agency Ltd (MUDRA). It is accountable for refinancing and developing all types of small business activities i.e. micro-enterprise sector by providing support to the finance institutions. In this paper the researcher has made an attempt to analyzed financial performance of MUDRA scheme over the last 3 years.

II. Objectives:

- 1) To analysed the agency-wise, state – wise and district – wise performances of MUDRA.
- 2) To analysed the performances of various categories of MUDRA scheme over the last 3 years.

III. Review of Literature

(Roy, 2016), concluded that MUDRA has contributed very well in small scale industries. The MUDRA scheme shown positive effects on Indian economy. The author has stated that, MUDRA as a financial instrument has found very effective in its initial phase. The author has explained the various product and offerings of MUDRA.

(Dr.R.Rupa, 2016), concluded that this MUDRA scheme was good initiative from the Government to promote entrepreneurs. The author has stated that, the concept of fund the unfunded will bring drastic change in the MSME sector. He also stated that, MUDRA will achieved their targets, if the partner agencies / institutions support this MUDRA in same spirit as in the year 2015–16.

IV. Research Methodology

The research is purely based on Secondary data. The researcher has made an attempt to analyze the performances of MUDRA scheme over the last 3 years on different parameters. The secondary data for the study was gathered from sources like Annual Report of PMMY, website, journals and newspaper.

V. Data Analysis and Discussions

Economic Scenario of Micro Enterprises

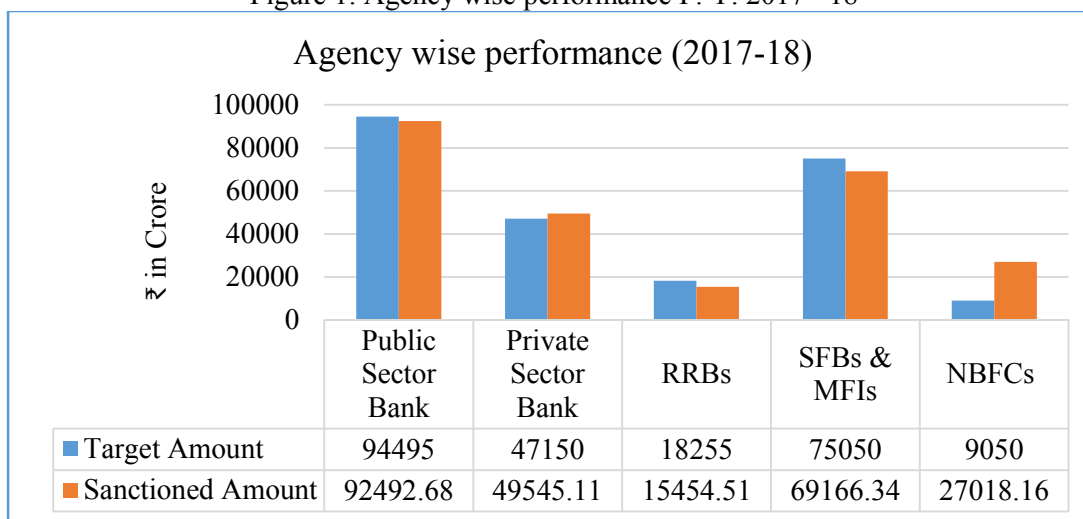
The millions of MSMEs in India are playing an important role in providing employment outside agriculture. At least 80 per cent Micro, Small and Medium Enterprises are micro enterprises. It engage nearly 10 crore people in the country, offering livelihood to five times that number. Micro enterprises consists of units engaged in trading, manufacturing, processing, and services activities. Half of all MSMEs in the country are located in rural area. Micro enterprises comprise of numerous low scale activities such as fruits and vegetable vendors, clay pot making, basket weaving, jhadoo making, tempo and auto transport services, food-service units, repair shops, machine operators, welders, cottage industries, small industries, handlooms, handicraft workers, food processors, retailers, beauticians and street vendors, etc. These are collectively referred to as the non-corporate small business sector (NCSBS). Of the 5.77 crore small units constituting the NCSBS, almost all are individual proprietorships. Around 94 per cent of small business units are own account enterprises (OAEs) run by individuals belonging to financially weaker sections of the society comprising of SCs, STs or OBCs.

Analysis of MUDRA scheme:

1) Agency wise performance: The target set for F. Y. 2017-18, under PMMY was at ₹ 2.44 lakh crore, which was distributed among the public and private banks and MFIs, which in turn distributed it further into State-wise and branch-wise targets. The results shows that, 41% growth over previous year in the overall performance of the programme by all the partner agencies. The growth in Public sector banks was at 29% whereas, in private sector banks it was increased by 27%. The growth of Regional Rural Banks was at 29%. The private bank also successfully achieved their targets with a sanction of ₹ 49,545.11 crore during the year. Performance of the Micro Finance Institutions also enhanced by 11% during F.Y. 2017 - 18. Micro Finance institutions have sanctioned a total loan amount of ₹ 50,143.75 crore to ₹ 2.19 crore borrowers. The RRBs sanctioned ₹ 15,454.51 crore under PMMY during the year and their share was only about 6%. Non-Banking Financial Companies also developed as the key contributor to Pradhan Mantri MUDRA

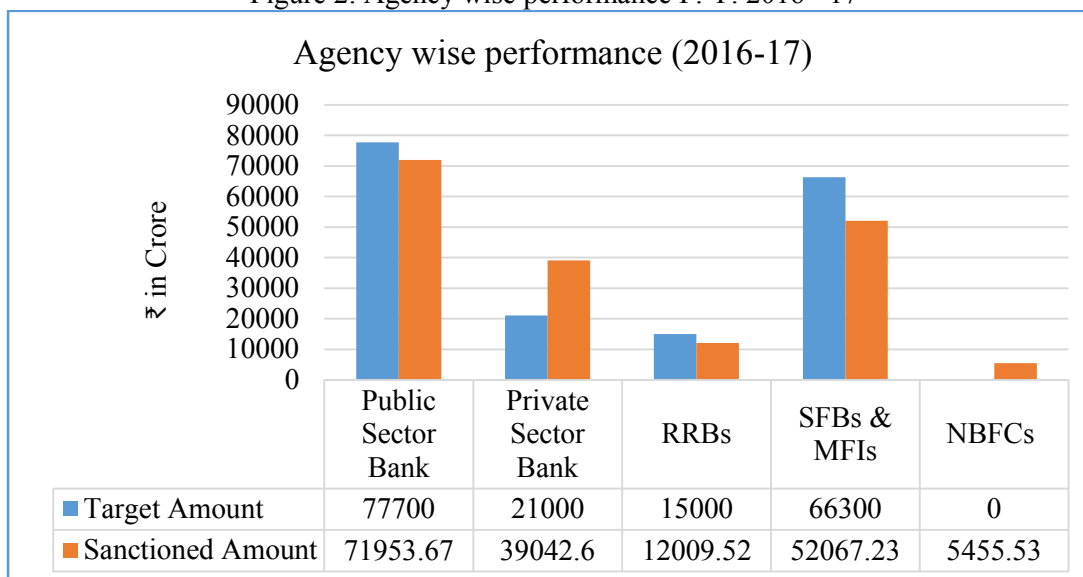
Yojana with 11% of the total sanction amount i.e. ₹ 27,018.16 crore. Small Finance Banks completed 110% of its target. They have sanctioned a total amount of ₹ 19,023 crore, which covers 64.30 lakh loan accounts.

Figure 1: Agency wise performance F. Y. 2017 - 18



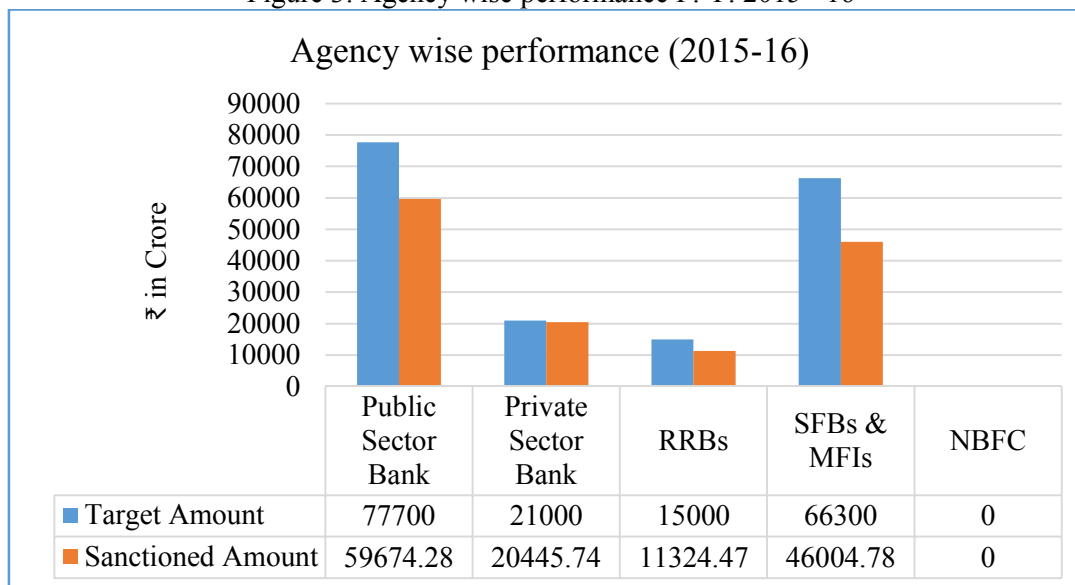
Source: (MUDRA: Annual Report, 2017 - 18), (MUDRA: Annual Report, 2016 - 17), (MUDRA: Annual Report, 2015 - 16)

Figure 2: Agency wise performance F. Y. 2016 - 17



Source: (MUDRA: Annual Report, 2017 - 18), (MUDRA: Annual Report, 2016 - 17), (MUDRA: Annual Report, 2015 - 16)

Figure 3: Agency wise performance F. Y. 2015 - 16



Source: (MUDRA: Annual Report, 2017 - 18), (MUDRA: Annual Report, 2016 - 17), (MUDRA: Annual Report, 2015 - 16)

2) State-wise performance analysis: Based on the agency network and potential to lend the targets were further distributed state-wise by the respective agencies. The state level performance was monitored by State Level Bankers Committee (SLBC). Tamilnadu topped with ₹ 25331.68 crore sanctioned amount. From 2016 – 17, 40 % growth was recorded in Tamilnadu state. Karnataka was the second amongst all states with ₹ 23009.73 crore sanctioned amount. Only 28 % growth was recorded in Karnataka state. Maharashtra stood at third rank with ₹ 22751.4 crore of sanctioned amount. Maximum 46 % growth was recorded in Gujarat and Odisha state. Top 10 states have contributed 71 % of total sanctioned amount in financial year 2017 – 18. Bihar and Gujarat failed to achieve the targeted amount but still secure rank in top 10 states. Performance of top 10 states with comparative position in targeted and sanctioned amount are given below. (Table 1)

Table 1: Performance of Top 10 states

State	2017 – 18			2016 – 17			Growth
	Rank	(₹ in Crore)		Rank	(₹ in Crore)		
		Targeted	Sanctioned		Targeted	Sanctioned	Percentage
Tamilnadu	1	23083.75	25331.68	1	20117.1	18052.68	40 %
Karnataka	2	22049.76	23009.73	2	18388.68	18002.55	28 %
Maharashtra	3	22242.92	22751.4	3	20159.08	17286.66	32 %
Uttar Pradesh	4	21592.85	22077.89	5	16636.78	15282.61	44 %
West Bengal	5	18871.92	20552.19	4	10157.42	15695.01	31 %
Bihar	6	17190.56	15919.4	6	10657.51	12190.6	31 %
Madhya Pradesh	7	14672.07	14886.15	7	10442.56	10506.45	42 %
Rajasthan	8	11815.11	13862.55	8	7086.9	9024.71	54 %
Gujarat	9	11505.73	11386.52	10	8066.52	7781.94	46 %

Odisha	10	11290.08	11558.91	9	6980.72	7891.34	46 %
--------	----	----------	----------	---	---------	---------	------

Source: (MUDRA: Annual Report, 2017 - 18), (MUDRA: Annual Report, 2016 - 17), (MUDRA: Annual Report, 2015 - 16)

3) District-wise performance analysis: In F. Y. 2016 – 17, top 10 districts formed 9 % share in the total sanction during the year. Being urban centers with potentials of small business activities, these districts were recorded top performances. Another reason of better performance was that availability of large number of financial outlets to serve the small businesses. In 2016 – 17, total sanctioned amount in top 10 districts was ₹ 15009.24 crore. In F. Y. 2017 – 18, top 10 districts made 7.08 % share in the total sanctioned. Bardhaman and Patna district were secured rank in top 10 districts in 2017 – 18, whereas, Chennai and New Delhi failed to secure their position. Total sanctioned amount was ₹ 18912.92 crore in 2017 – 18. Percentage of share in the total sanctioned amount is also decreased by 2 % in 2017 - 18. (Table 2)

Table 2: Performance of Top 10 Districts

District	2017 – 18			2016 - 17		
	Rank	Sanctioned ₹ in crore	Share in the total sanctioned amt.	Rank	Sanctioned ₹ in crore	Share in the total sanctioned amt.
Banglore Ur.	1	2364.97	0.73 %	1	2364.27	1.31 %
Pune	2	2347.64	0.54 %	2	1872.94	1.04 %
Hyderabad	3	2247.66	1.16 %	8	1505.12	0.83 %
North 24 Parganas	4	2025.33	1.07 %	6	1544.33	0.86 %
Jaipur	5	1739.44	0.35 %	10	1471.3	0.81 %
Ahmedabad	6	1710.09	0.49 %	9	1478.22	0.82 %
Bardhaman	7	1681.84	0.86 %	---	---	---
Belgaum	8	1654.75	0.62 %	4	1676.18	0.93 %
Kolkatta	9	1599.94	0.63 %	5	1563.92	0.87 %
Patna	10	1541.26	0.65 %	---	---	---
Chennai	---	---	---	7	1532.96	0.85 %
New Delhi	---	---	---	3	1713.37	0.95 %

Source: (MUDRA: Annual Report, 2017 - 18), (MUDRA: Annual Report, 2016 - 17), (MUDRA: Annual Report, 2015 - 16)

4) Regional Analysis: The targets were classified into five regions based on distribution of Mudra loan sanctioned and geographical parameters. In terms of number of loan accounts, North-East and East region were secured top position, with nearly 35 % of the total number of loans sanctioned. But, loan amount was around 26 % only, which is comparatively lower than 30 % of southern region. In Western region, share number of accounts and sanctioned amount is lowest in all region. In terms of sanctioned amount, 179 % growth was recorded in North – East region. In F. Y. 2016 – 17, total sanctioned amount was ₹ 180528.55 crore, whereas in F. Y. 2017 – 18, it goes to ₹ 253677.09 with 40.51 %.

Table 3: Region-wise analysis of PMMY

Region	2017 – 18		2016 - 17		Growth
	No. of A/c	Sanctioned Amt. (₹ in Crore)	No. of A/c	Sanctioned Amt. (₹ in Crore)	Percentage
North	8464083	60535.36	6667731	41884.86	45 %
East	12764868	48744.33	12838524	43115.35	13 %

North-East	4395809	18553.8	1599339	6650.34	179 %
South	14464973	76259.92	11430144	52876.65	44 %
West	8040860	49583.68	7165309	36001.35	38 %

Source: (MUDRA: Annual Report, 2017 - 18), (MUDRA: Annual Report, 2016 - 17), (MUDRA: Annual Report, 2015 - 16)

5) Category-wise analysis: Based on the size of loans, MUDRA loan are extended in three categories namely, 'Shishu', 'Kishor' and 'Tarun'. 'Shishu' loans are up to ₹ 50000, 'Kishor' loan are range from ₹ 50000 to ₹ 500000 and 'Tarun' category loan are from the range of ₹ 500000 to ₹ 1000000. In terms of number of accounts, 'Shishu' loan had the maximum stake of 88.65 % in all 3 categories of loan. In terms of sanctioned amount, 'Tarun' category loan at 24.02 %, 'Kishor' category loan at 34.19 % and 'Shishu' category loan was maximum at 41.78%. The share of 'Kishor' category loan accounts improved to 9.67 % in F. Y. 2017 – 18 compared to 6.71 % in F. Y. 2016 – 17. Share of 'Tarun' category loan also improved marginally. (Table 4)

Table 4: Category-wise analysis of PMYY scheme

Category	2017 – 18		2016 – 17		2015 - 16
	No. of Loan A/c	Sanctioned Amt. (₹ in Crore)	No. of Loan A/c	Sanctioned Amt. (₹ in Crore)	Sanctioned Amt. (₹ in Crore)
Shishu	42669795	106001.6	36497813	85100.74	62894.96
Kishor	4653874	86732.15	2663502	53545.14	43052.55
Tarun	806924	60943.36	539732	41882.66	31501.76
Total	48130593	253677.11	39701047	180528.54	137449.27

Source: (MUDRA: Annual Report, 2017 - 18), (MUDRA: Annual Report, 2016 - 17), (MUDRA: Annual Report, 2015 - 16)

6) Assistance to Less Privileged Sections of the society: Out of total loan amount sanctioned, women borrowers shared 40 % of amount. Under 'Shishu' loan category, share of women borrowers was at 75%, covering 95.78% of the loan accounts. The reason of this was high share of MFIs in 'Shishu' loans, where women are the major recipients of micro finance loan. The involvement of the weaker sections of the society i.e. SC/ST/OBCs categories was at 55% in terms of loan accounts i.e. 34% sanctioned loan amount. The share of SC, ST and OBC categories were 18%, 5% and 32%, respectively. The major percentage of their share belongs to 'Shishu' category. In F. Y. 2017 – 18 number of new loan accounts was at 26% of the total loan accounts. The total amount sanctioned to new loan borrowers was 38% i.e. nearly 1.25 crore new loan accounts. Compared to previous year more than 1 crore accounts was sanctioned in F. Y. 2017 - 18. (Table 5) and (Table 6)

Table 5: Sub-Categories of Borrowers (F. Y. 2017 - 18)

Category	SHISHU		KISHOR		TARUN	
	No. of A/c	Sanctioned Amt. (₹ in Crore)	No. of A/c	Sanctioned Amt. (₹ in Crore)	No. of A/c	Sanctioned Amt. (₹ in Crore)
General	179.11	47171.25	32.83	66477.31	7.12	53976.53
SC	81.86	19462.62	3.07	3976.79	0.12	939
ST	24.18	5616.06	1.12	1794.64	0.08	589.71
OBC	141.54	33751.67	9.5	14483.42	0.73	5438.1
Total	426.69	106001.6	46.52	86732.16	8.05	60943.34

Women	321.44	80371.59	13.35	16586.84	0.78	6295.7
New Loan Accounts	100.47	22622.86	21.05	44042.84	4.06	30783.01
Minority	46.97	12319.63	5.2	7826.62	0.52	3945.53

Source: (MUDRA: Annual Report, 2017 - 18), (MUDRA: Annual Report, 2016 - 17), (MUDRA: Annual Report, 2015 - 16)

Table 6: Sub-Categories of Borrowers (F. Y. 2016-17)

Category	SHISHU		KISHOR		TARUN	
	No. of A/c	Sanctioned Amt. (₹ in Crore)	No. of A/c	Sanctioned Amt. (₹ in Crore)	No. of A/c	Sanctioned Amt. (₹ in Crore)
General	148.35	35163.69	18.97	40820.62	4.69	36600.85
SC	69.86	15976.2	1.4	2170.84	0.1	750.79
ST	17.27	3831.23	0.6	1030.01	0.06	411.5
OBC	129.5	30129.63	5.66	9523.67	0.55	4119.52
Total	364.98	85100.75	26.63	53545.14	5.4	41882.66
Women	284.72	66997.91	6.25	9541.63	0.5	3750.13
New Loan Accounts	81.1	18720.64	15.86	31757.94	2.93	22481.56
Minority	47.87	11341	3.24	5691	0.44	3244

Source: (MUDRA: Annual Report, 2017 - 18), (MUDRA: Annual Report, 2016 - 17), (MUDRA: Annual Report, 2015 - 16)

7) Average Loan Size: In F. Y. 2017 – 18, average loan size was increased to ₹ 52,739 crore. In previous year it was ₹ 45,472 crore. Under the ‘Shishu’ category average loan size was at ₹ 24,883 crore, slightly higher than that of ₹ 23,316.67 crore in the previous year. Average loan size was decreased under ‘Kishor’ and ‘Tarun’ category. (Table 7)

Table 7: Category-wise average loan size

Scheme	₹ in Crore		
	2017 - 18	2016 - 17	2015 - 16
Shishu	24883	23316.67	19411.4
Kishor	188548.2	201032.9	208037.5
Tarun	761792	775989.9	767555

Source: (MUDRA: Annual Report, 2017 - 18), (MUDRA: Annual Report, 2016 - 17), (MUDRA: Annual Report, 2015 - 16)

VI. Conclusion

The researcher has concluded that, Public and Private sector banks has performed very well in sanctioning the all types of MUDRA loan to micro – enterprise sector. The researcher has also concluded that, Non-Banking Financial Companies has also contributed very well in MUDRA Yojana. Performance of the MFIs has improved in MUDRA scheme. The researcher has also analysed that Gujrat (West zone), Rajasthan (North zone) and Odisha (East zone) have presented major growth of more than 45% in F. Y. 2017-18. In the analysis of less-privileged sections of the society, SC/ST/OBC categories were founded about 55% of

total number of loan accounts. Contribution of women borrowers was remarkable. They share at 70% of the total number of loan accounts. In terms of sanctioned loan amount, number of new loan account holders was also improved from 26 % to 38 %. Finally, the researcher has also concluded that, MUDRA has thus helped the aspirations of many micro-entrepreneurs who were earlier excluded from the formal banking system. MUDRA has addressed the problem of 'funding the unfunded' to a large range.

VII. References

1. Dr.R.Rupa. (2016). PROGRESS OF MUDRA WITH SPECIAL REFERENCE TO TAMIL NADU. EPRA International Journal of Economic and Business Review, 92-94.
2. Kumari, M. (2018). Economic Inclusion of Women: Role of MUDRA. UPUEA Economic Journal, 186-189.
3. (2015 - 16). MUDRA: Annual Report. PMMY.
4. (2016 - 17). MUDRA: Annual Report. PMMY.
5. (2017 - 18). MUDRA: Annual Report. PMMY.
6. Roy, A. K. (2016). Mudra Yojana - A Strategic Tool for Small Business Financing. International Journal of Advance Research in, 68-72.
7. Sonia. (2017). Mudra Yojana - A Strategic Tool for Small. International Journal of Enhanced Research in Management & Computer Applications, 23-27.