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A study on performance of Mudra Yojana in India

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ABSTRACT

Micro Units Development & Refinance Agency Limited (MUDRA) was embarked on 8th April 2015 by Shri Narendra Modi, the Hon'ble Prime Minister to ensure that manufacturing, trading, processing and services sector activities are securely financed. In the developing countries small business gain a beneficial role in contributing towards GDP of the country. In India, MUDRA is playing a pivotal role in development and refinancing activities of the smaller units. Small business activities plays a major role in providing employment for large number of population. Till 2019, nearly 1477 lakh accounts are opened under the MUDRA yojana of which the major share is of Shishu, Kishore and at last Tarun category. The paper attempts to know the growth and performance of different category of accounts which fall under MUDRA for the benefit of the population since from the inception of the scheme

Keywords: MUDRA, Growth rate, Instability Index, Correlation, Category.

Finance is one of the factors occupying an important place in all types of economic activities. It helps in greasing the wheels of industrial progress of any country. The growth of any industry largely depends on the availability of adequate finance in proper time. In the process of development, the non availability of timely and adequate finance generally acts as a severe restraining factor. Finance being the lifeblood of business and industry, a sound financial system is a pre-requisite for planned economic development in a developing economy. The general financial weaknesses, which characterize the small scale sector, are their inadequate financial resources, low capital outlay, inability to offer acceptable security and absence of properly maintained accounts. All these are responsible for the failure of several units. Very often, shortage of finance is in most cases a symptom of other problems such as poor planning, outmoded technology, ineffective market, bad product design and lack of cost accounting and so on. Finance therefore, assumes a very great importance in the development of small scale industry. Financial Inclusion is one of the most treasured strategies in India. Our monetary arrangement has dependably been driven by a basic plan of a practical and comprehensive development. The concept of financial inclusion was first introduced by the then Governor of RBI, Shri Y.V. Reddy in 2005. Financial Inclusion means process of ensuring access to appropriate financial services to all the sections of society such as low income groups and weaker section at an affordable rate. Government of India has introduced a number of financial inclusion initiatives such as Pradhan Mantri Mudra Yojana (PMMY),

The MUDRA loans are extended under three categories, namely, MUDRA Shishu (Startups) Loans upto Rs 50,000/- with interest at around 10 to 12 per cent; MUDRA Kishore (existing units that lack exposure) Loans from Rs 50,001 to Rs 5 lakh at interest rate between 14 to 17 per cent and MUDRA Tarun (Units that have grown to certain level and have exposure, but need support to reach higher level) Loans from Rs 5,00,001/- to Rs 10 lakh at interest rate starting from 16 per cent, which varies from bank to bank. Eligible barrowers of MUDRA loan include all individuals, proprietary concerns, partnership firm, private Ltd. companies, public companies and other legal forms. MUDRA loans can be obtained from financial institutes like commercial banks, RRBs, cooperative banks etc listed under the scheme as the loan providers. The scheme focuses

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only on small scale units and not on the large ones.

MATERIALS AND METHODS

The data used for the study is entirely based on secondary source of data which was obtained for the period of 2015 to 2019 from the source of Indiastat. In order to arrive at the meaningful results following statistical tools were employed for the study

a) Growth rate

b) Coefficient of Variation

c) Percentage analysis

RESULTS AND DISCUSSION

With the inception of the MUDRA Yojana in India, growth rate of the accounts opened and amount disbursed was calculated for the year 2016 to 2019 which is depicted in Table no 1. It can be observed from the table that there is a positive growth rate of accounts opened and amount disbursed for all the category of accounts of MUDRA. Highest growth rate in accounts opened was observed for the Tarun category which was 81.10 per cent, with the support of time variable of 96.83. It was followed by Kishore category accounts which was 57.47 per cent of growth while time variable explaining to the tune of 98.29. As compared with the Tarun and Kishore category the demand for Shishu category was not much as it can be observed growth rate was slow with 18.71 per cent while time variable supported to the extent of 99.71. For the amount that was disbursed by the financial institutions for the study period, highest growth rate was observed for the Kishore category with the value of 39.62 per cent and time variable explaining to the tune of 93.80. The next category which showed the highest growth rate after Kishore category was Tarun category which was at 33.81 per cent for which the time variable support was around 97.31. As like growth rate of accounts opened, the least was found to be with the Shishu category with 29.33 percent supported with the time variable of 99.29. Instability Index was high in case of Tarun category followed by Kishore category and Shishu category under the accounts opened, while in amount disbursed high was observed for Kishore category followed by Tarun and Shishu category.

Table 2 presents percentage share of accounts opened and loan disbursed under different category of accounts. In case of category shishu the accounts opened among total is gradually decreasing, in the year 2016-17 accounts opened was 364.98 lakh's with the share of 91.93 per cent, 2017-18 it was 426.69 lakh's having the share of 88.65 per cent and in the year 2018-19 it was around 515.07 lakh's with the percentage of 86.03. Of the amount disbursed of total accounts the share was decreased for the second year as indicated in the table. In the year 2016-17 Rs 85,100.74 crore's was disbursed having the share of 47.13 per cent, In the year 2017-18, amount disbursed under Shishu category was Rs 1,06,001.60 crore's with the share of 41.78 per cent for the financial year. For the year 2018-19 the share was considerably increased which was around 44.24 per cent with the disbursed amount to be Rs 1,42,345.25 crores.

In case of Kishore category of MUDRA accounts, share of the accounts opened to the total accounts gradually increased year by year. In the year 2016-17 accounts which were opened are 26.64 lakhs with the share of 6.71 per cent, in the year 2017-18 accounts were around 46.53 lakhs under the category having the share of 9.66 per cent. For the year 2019-20, share was around 11.03 per cent with the accounts opened at 66.06 lakhs. Of the amount disbursed in the year 2016-17 the share was around 29.66 per cent of the total with the amount of Rs 53,545.14 crores. In the year 2017-18 the share was around 34.19 per cent of the total with the amount disbursement of Rs 86,732.16 crores. At last in the year 2018-19 the share of the total was decreased even though the actual amount increased when compared to previous year which was around Rs 1,04,386.68 crore's having the percentage of 32.44 per cent of the total.

The share of Tarun category accounts opened for the year 2016-17 was 1.35 per cent with 5.36 lakh accounts. In the year 2017-18, share was 1.67 per cent of the total and athe accounts which were opened are 8.06 lakhs and in 2018-19 accounts opened were 17.58 lakhs with the share of 2.93 per cent. While in case of amount disbursed was more or less with the share of 23 to 24 per cent for all the three years. In the year 2016-17, the share was 23.20 per cent and the amount that was disbursed was Rs 41,882.66 crore's. For the year 2017-18 share was 24.02 per cent of the total amount disbursed with the amount disbursed of Rs

Table 1 Growth rate of number of accounts opened and amount disbursed from the year 2016-2019 under mudra yojana in India.

	Shishu Category		Kishore Category		Tarun Category	
	Accounts opened	Amount disbursed	Accounts opened	Amount disbursed	Accounts opened	Amount disbursed
Growth Rate	18.71%	29.33%	57.47%	39.62%	81.10%	33.81%
R2	99.71*	99.29*	98.29*	93.80**	96.83*	97.31*
CV	17.33	26.06	42.46	31.65	62.12	28.03

* Significant at 1 percent
** Significant at 5 percent

Table 2 Percentage share of accounts opened and amount disbursed in India (2016-2019)

(Rs. In Crore)

Category	2016-17		2017-18		2018-19	
	Accounts opened *	Amount disbursed	Accounts opened *	Amount disbursed	Accounts opened *	Amount disbursed
Shishu	364.98 (91.93)	85100.74 (47.13)	426.69 (88.65)	106001.6 (41.78)	515.07 (86.03)	142345.25 (44.24)
Kishore	26.64 (6.71)	53545.14 (29.66)	46.53 (9.66)	86732.16 (34.19)	66.06 (11.03)	104386.68 (32.44)
Tarun	5.36 (1.35)	41882.66 (23.20)	8.06 (1.67)	60943.34 (24.02)	17.58 (2.93)	74990.86 (23.30)

* No in lakhs.

Table 3 Correlation between the accounts opened and amount disbursed in india for the period of 2016-2019

	Accounts Opened	Amount Disbursed
Accounts Opened	1	--
Amount Disbursed	0.99	1

* Significant at 10 per cent

60,943.34 crores. At last in the year 2018-19 the share was 23.20 per cent with the disbursed amount of Rs 74,990.86 crores.

Correlation between the accounts opened and amount disbursed was calculated and same is presented in table 3. It can be observed from the table that there is a positive correlation between the accounts opened and amount disbursed for all the study period which was 0.99 and found to be statistically significant at 10 per cent.

CONCLUSION

MUDRA yojana is great initiative by Government of India which is helping the weaker section, low income group and unfunded population and also will increase the competition. It was observed there was huge demand for the loans that are disbursed under MUDRA. The MUDRA is focused to see that unemployed be a successful entrepreneur. The scheme is well accepted by banking and other financial institutions across the country. Government need to impart the information about the benefits of the MUDRA among the public so that more number of people will rely upon opening with the new ventures.

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