

# Evaluation of the Pradhan Mantri Mudra Yojana Performance Across the Indian States

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## ABSTRACT

Financial inclusion stands as a pivotal strategy in India, reflecting a commitment to sustainable and inclusive growth within our economic framework. The primary objective of financial inclusion is to ensure that all segments of the population have access to financial services. The Government of India (GOI) has implemented several significant measures aimed at "funding the unfunded" micro-enterprise sector. A key initiative in this regard is the Pradhan Mantri Mudra Yojana (PMMY), which is instrumental in advancing financial inclusion efforts. This scheme is designed to meet the credit needs of small businesses, offering loans of up to 10 lakhs. This research paper provides an overview of PMMY along with a performance analysis of the scheme across different regions. Promoting financial inclusion via the PMMY scheme is crucial for driving economic transformation within society. MUDRA, which stands for the Micro Unit Development and Refinance Agency, represents a significant reform initiative by the Government of India aimed at enhancing the financial stability of micro, small, and medium enterprises (MSMEs). This financial initiative, embodied in the MUDRA scheme, is designed to support micro units by providing them with access to credit and funding necessary for the growth of their small businesses.

**KEYWORDS:** MUDRA Yojana, Financial inclusion, Regional Analysis and Performance

## INTRODUCTION:

The Pradhan Mantri Mudra Yojana was inaugurated by the esteemed Prime Minister of India, Shri Narendra Modi, on April 8, 2015. This initiative, known as PMMY, aims to facilitate loans of up to Rs. 10 lakhs for non-corporate, non-farm small and micro enterprises. Through the PMMY, individuals engaged in entrepreneurial ventures can access financial support of up to Rs. 10 lakhs. The loans are made available through the Mudra scheme by a variety of financial institutions, including Private Sector Banks, Non-Banking Financial Companies (NBFCs), Micro Finance Institutions (MFIs), Public Sector Banks, Regional Rural Banks (RRBs), State and Urban Co-operative Banks, as well as Foreign Banks.

## MUDRA Vision:

To be an integrated financial and support services provider par excellence, benchmarked with global best practices and standards, for the bottom of the pyramid universe for their comprehensive economic and social development.

## MUDRA Mission:

To create an inclusive, sustainable, and value-based entrepreneurial culture, in collaboration with our

partner institutions in achieving economic success and financial security.

#### **MUDRA Purpose:**

To attain inclusively and sustainably development by supporting and promoting partner institutions and creating an ecosystem of growth for the micro enterprise's sector.

#### **Pradhan Mantri Mudra Yojna (PMMY):**

The Pradhan Mantri Mudra Yojana has introduced an additional initiative under PMMY, categorized as 'Shishu', 'Kishore', and 'Tarun'. This scheme is designed to address the growth and funding requirements of micro-enterprises while also providing guidance on potential future opportunities available to them.

- Shishu: Upto Rs 50,000.
- Kishore: from Rs 50,000 to Rs 500,000.
- Tarun: from Rs 5,00,000 to Rs 10,00,000.

#### **LITERATURE REVIEW:**

- **Anup Kumar Ray (2016)** identified MUDRA Yojana as a strategic tool for small business financing. He has highlighted the importance of MUDRA banks in the upliftment of small business enterprises. By analyzing the data on the number of accounts and loans sanctioned under the scheme, he has stated that MUDRA has been found very effective in its early stages across the country and has contributed to the well-being of small-scale entrepreneurs.
- **Vinati (2016)** concluded that under Mudra Scheme, Rs.1.25 trillion in disbursements have been done in the space of less than a year. If such rates of growth were maintained, they would constitute a sizeable chunk of total non-farm credit in the economy. Therefore, given its importance to the future evolution of the economy, it is useful to have as precise an idea as possible, ex-ante, of the economic and social outcomes that the government is seeking with such generous credit support.
- **Manish Agarwal & Ritesh Dwivedi (2017)** critically reviewed the performance of PMMY. State-wise analysis of data concluded that Rajasthan and West Bengal have shown greater success in the benefits received under the scheme. Also, women entrepreneurs are ahead in the share of loan disbursement compared to other categories.
- **Vidushi Sahani & Aparna Raman (2018)** assessed the impact of PMMY in Delhi NCT. According to their report, the MUDRA yojana has been successful in generating employment and creating means of livelihood for the semi-skilled, unskilled as well as other lower socio-economic segments of the society. They found out that the majority of the beneficiaries used loans for expansion/working capital requirements of their business while others used them for starting a new business.
- **Abdul Khadar & Dr. A. Abdul Rahim (2018)** analyzed the roles and responsibilities of the MUDRA scheme in the development of the micro sector. They stated that out of the total number of micro-units in the country around 54% of these units are owned by the rural population. Thus, this scheme will not only help in improving the quality of life of these entrepreneurs but also create substantial employment opportunities thereby improving the economic status of the rural population as well as the entire nation.
- **P.A.Ibrahim (2018)** conducted a study to assess the performance of the MUDRA scheme region-wise, category-wise as well agency-wise. The scheme has been widely reached by women entrepreneurs and new entrepreneurs. Northern states have participated less in availing benefits under the scheme compared to other regions. Also, the Shishu category performed better than other

categories of the scheme and private sector banks have outperformed the loan sanction and disbursement process.

**Objectives of the Study:**

1. This paper aims to examine the regional performance of the PMMY scheme by evaluating the growth in the loan sanction process since its launch.
2. To evaluate the progress accomplished within the three categories of the program: Shishu, Kishore, and Tarun.

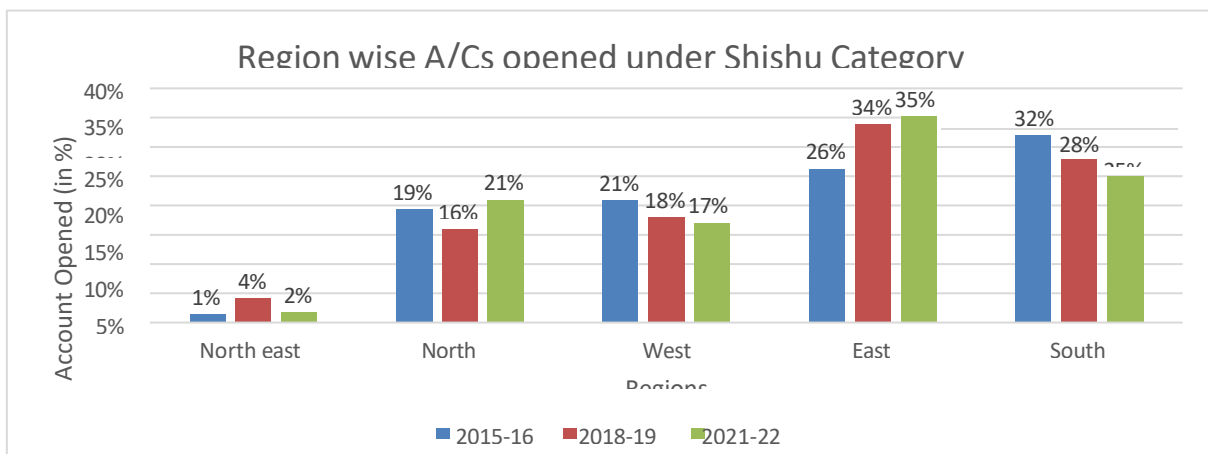
**Research Methodology:**

The data information utilized in this study has been predominantly gathered from secondary sources. This secondary data has been sourced from credible references, including published journals, articles, and official government websites. A year-by-year analysis of the number of accounts and the total loans approved by various agencies has been conducted to evaluate their performance, with trends illustrated through charts and graphs.

- **North East:** Assam, Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura,
- **North:** Chandigarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Delhi, Uttar Pradesh Uttarakhand, Punjab and Rajasthan;
- **West:** Dadra & Nagar Haveli, Daman & Diu, Gujarat, Goa, Madhya Pradesh, Maharashtra
- **East:** Odisha, West Bengal, Bihar, Jharkhand, Chhattisgarh;
- **South:** Karnataka, Kerala, Puducherry, Tamil Nadu, Telangana, Andhra Pradesh, Andaman & Nicobar, Lakshadweep.

**ACCOUNTS OPENED UNDER MUDRA YOJANA FOR SHISHU CATEGORY**

Regions	Account Opened (in %)			Trend
	2015-16	2018-19	2021-22	
North east	1%	4%	2%	▲
North	19%	16%	21%	▲
West	21%	18%	17%	▼
East	26%	34%	35%	▲
South	32%	28%	25%	▼



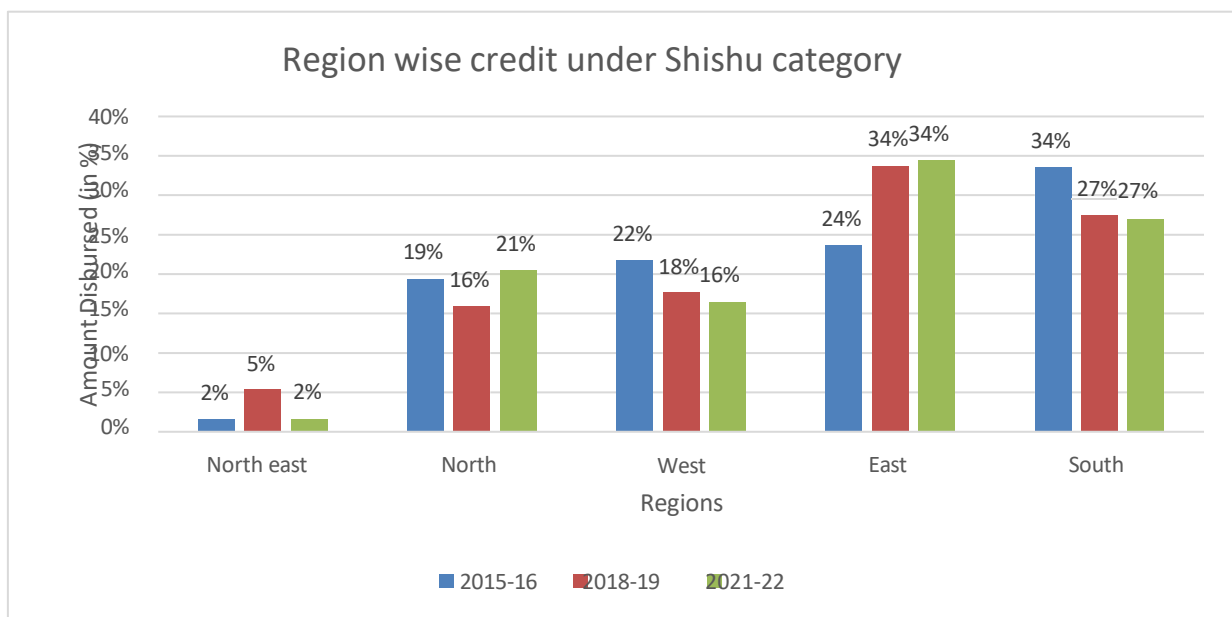
Source: Compiled by the researcher, data obtained from [www.mudra.org.in](http://www.mudra.org.in)

The table presented above illustrates a comparative analysis of accounts opened during the fiscal years 2015-16, 2018-19, and 2021-22 across various regions. It highlights the growth trends in the Northeast, North, West, East, and South regions specifically for the Shishu Category. Notably, the East region has experienced a substantial increase in the number of accounts within the Shishu category, while both the South and West regions show a downward trend. In contrast, the Northeast region has seen only marginal growth.

**AMOUNT DISBURSED UNDER MUDRA YOJANA FOR SHISHU CATEGORY**

Regions	Amount Disbursed (in %)			Trend
	2015-16	2018-19	2021-22	
North east	2%	5%	2%	▲
North	19%	16%	21%	▲
West	22%	18%	16%	▼
East	24%	34%	34%	▲
South	34%	27%	27%	▼

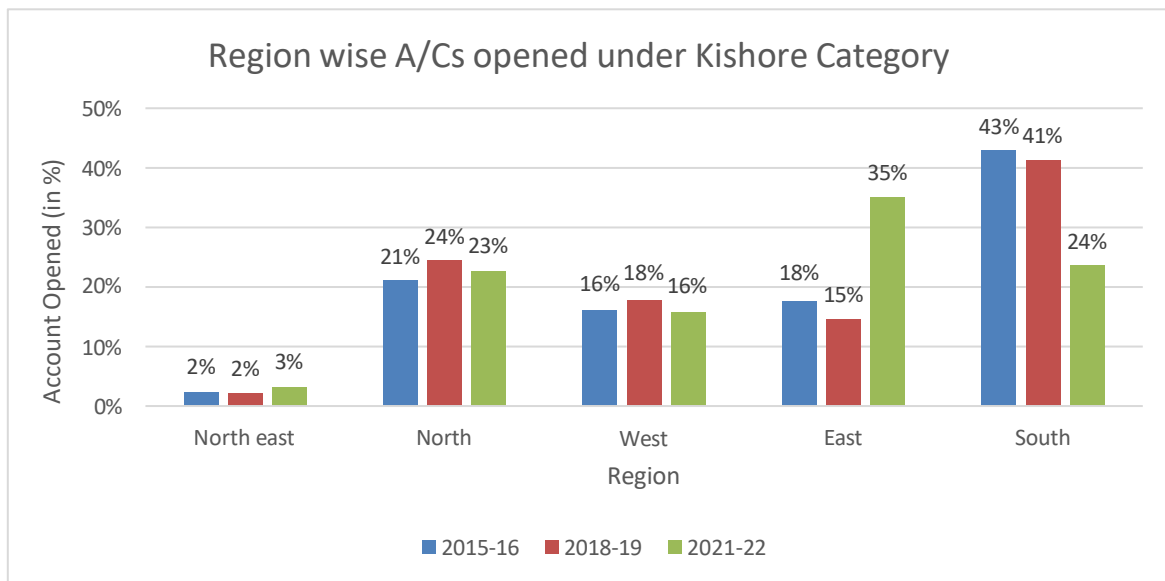
Source: Compiled by researcher, data obtained from [www.mudra.org.in](http://www.mudra.org.in)



The table presented above offers a comparative analysis of the disbursed amounts for the fiscal years 2015-16, 2018-19, and 2021-22 across various regions. It highlights the changes in growth rates for the Shishu Category in the North-East, North, West, East, and South regions. Notably, the total disbursement for the Shishu category in the East region has risen significantly from 24% in 2015-16 to 34% in 2021-22. Conversely, the South region has experienced a decline, decreasing from 34% in 2015-16 to 27% in 2021-22. Similarly, the West region has shown a downward trend, dropping from 22% in 2015-16 to 16% in 2021-22, while the North-East regions have seen only marginal growth.

**ACCOUNTS OPENED UNDER MUDRA YOJANA FOR KISHORE CATEGORY**

Regions	Account Opened (in %)			Trend
	2015-16	2018-19	2021-22	
North east	2%	2%	3%	▲
North	21%	24%	23%	▲
West	16%	18%	16%	▼
East	18%	15%	35%	▲
South	43%	41%	24%	▼

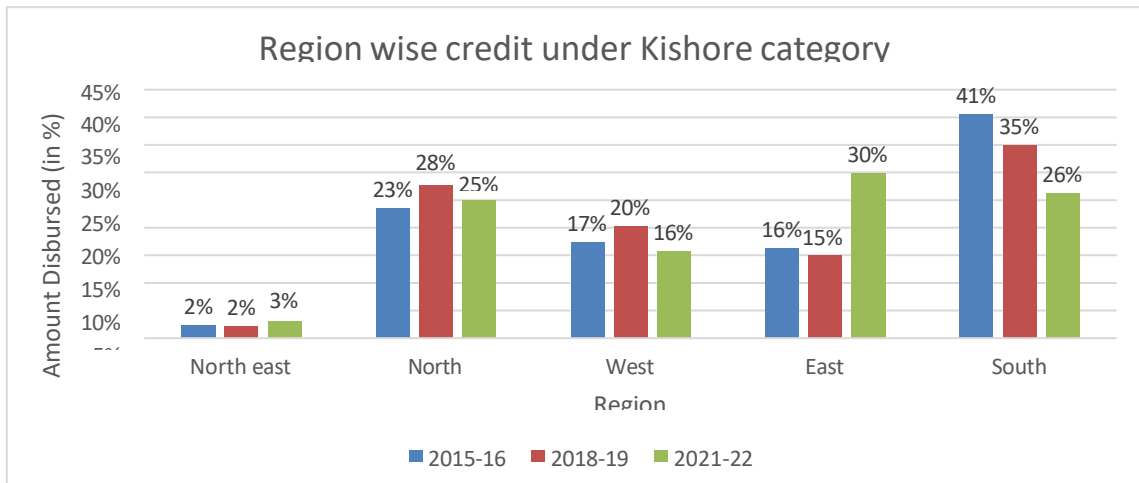


Source: Compiled by researcher, data obtained from [www.mudra.org.in](http://www.mudra.org.in)

The table presented above offers a comparative analysis of account openings across various regions for the fiscal years 2015-16, 2018-19, and 2021-22. It highlights the growth trends in the North-East, North, West, East, and South regions specifically for the Kishore Category. Notably, the East region experienced a significant rise in account openings, increasing from 18% in 2015-16 to 35% in 2021-22. Conversely, the South region saw a decline, dropping from 43% in 2015-16 to 24% in 2021-22. In the North-East, growth was modest, moving from 2% in 2015-16 to 3% in 2021-22.

**AMOUNT DISBURSED UNDER MUDRA YOJANA FOR KISHORE CATEGORY**

Regions	Amount Disbursed (in %)			Trend
	2015-16	2018-19	2021-22	
North east	2%	2%	3%	▲
North	23%	28%	25%	▲
West	17%	20%	16%	▼
East	16%	15%	30%	▲
South	41%	35%	26%	▼



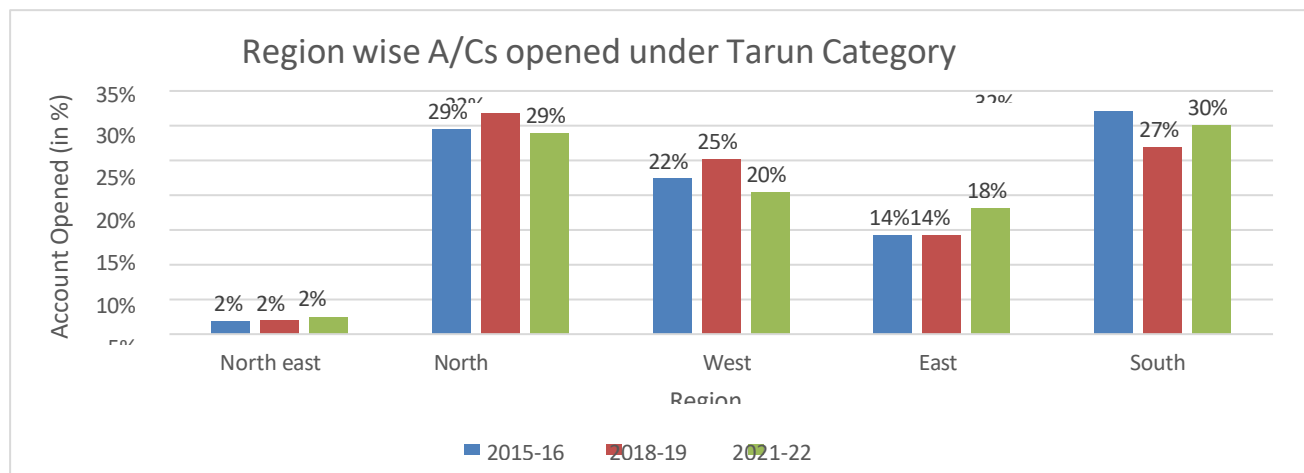
Source: Compiled by researcher, data obtained from [www.mudra.org.in](http://www.mudra.org.in)

The table presented above offers a comparative analysis of the amounts disbursed across the fiscal years 2015-16, 2018-19, and 2021-22 for various regions. It highlights the growth trends in the North-East, North, West, East, and South regions specifically for the Kishore Category. The data illustrated in the chart and graph reveals a slight increase in the disbursement growth for the North-East region, rising from 2% in 2015-16 to 3% in 2021-22. In contrast, the East region has experienced a consistent rise in disbursed amounts, while the South region has seen a decline within the Kishore category.

### ACCOUNTS OPENED UNDER MUDRA YOJANA FOR TARUN CATEGORY

Regions	Account Opened (in %)			Trend
	2015-16	2018-19	2021-22	
North east	2%	2%	2%	▲
North	29%	32%	29%	▼
West	22%	25%	20%	▼
East	14%	14%	18%	▲
South	32%	27%	30%	▼

Source: Compiled by researcher, data obtained from [www.mudra.org.in](http://www.mudra.org.in)

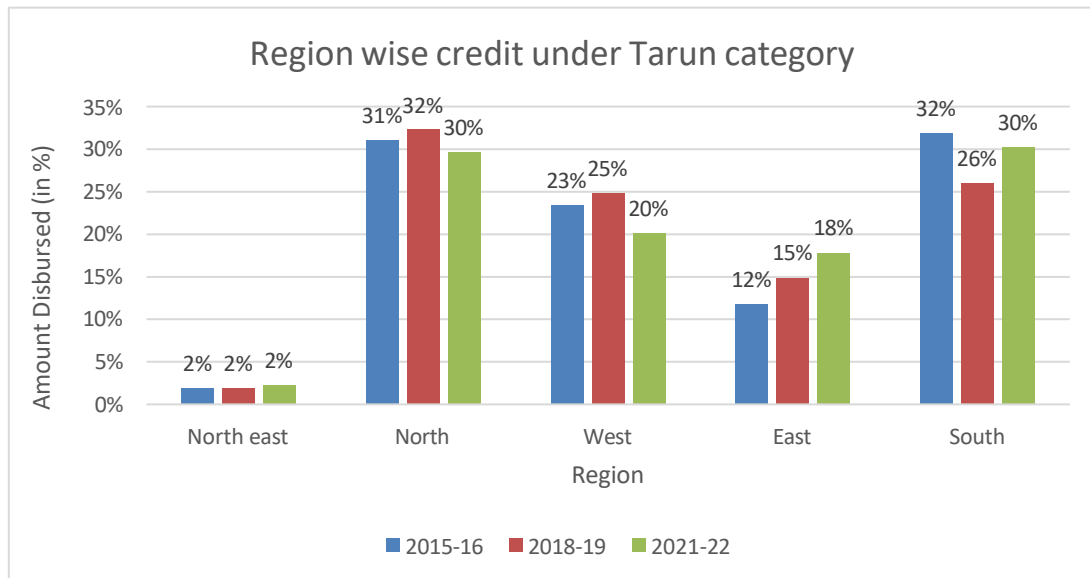


The table presented above illustrates a comparative analysis of account openings across the fiscal years 2015-16, 2018-19, and 2021-22, segmented by various regions. It highlights the growth trends in the North-East, North, West, East, and South regions specifically for the Tarun Category.

**AMOUNT DISBURSED UNDER MUDRA YOJANA FOR TARUN CATEGORY**

Regions	Amount Disbursed (in %)			Trend
	2015-16	2018-19	2021-22	
North east	2%	2%	2%	▲
North	31%	32%	30%	▼
West	23%	25%	20%	▼
East	12%	15%	18%	▲
South	32%	26%	30%	▼

Source: Compiled by researcher, data obtained from [www.mudra.org.in](http://www.mudra.org.in)



The table presented above illustrates a comparative analysis of the disbursed amounts for the fiscal years 2015-16, 2018-19, and 2021-22 across various regions. It highlights the growth trends in the North-East, North, West, East, and South regions specifically for the Tarun Category.

**Conclusion:**

The analysis and interpretation presented above lead to the conclusion that the Pradhan Mantri Mudra Yojana (PMMY) is a commendable initiative by the Government of India. This scheme is designed to support marginalized groups, low-income individuals, and those without access to funding. By promoting financial inclusion, PMMY enhances credit access and refinancing opportunities across the nation. The performance metrics, categorized by region, detail the number of accounts and funds disbursed under the Shishu, Kishore, and Tarun categories, segmented into five geographical regions. This paper effectively demonstrates the performance across all regions of the country. The findings indicate a consistent upward trend in the PMMY scheme's performance in the eastern region, while the North-East region shows persistent stagnation across all Mudra categories.



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