

Performance Analysis of Pradhan Mantri Mudra Yojana (PMMY)

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Introduction

Micro and Small Enterprises constitute a major economic segment in our country and provides large employment after agriculture. Providing access to institutional finance to such units would turn them into strong instruments of GDP growth and also employment. In 2015 Micro Units Development and Refinance Agency (MUDRA) has been formed with primary objective of developing the micro enterprise sector in the country by extending various support including financial support in the form of refinance. With MUDRA as a support institution, Pradhan Mantri Mudra Yojana (PMMY) scheme was launched on April 8, 2015 for providing loans up to ₹ 10 lakh to the non-corporate, non-farm small/micro enterprises.

Objectives

The objectives of the study are:

1. To analyse the achievements of Pradhan Mantri Mudra Yojana (PMMY) in India
2. To examine the progress of Pradhan Mantri Mudra Yojana (PMMY) in Tamilnadu

Methodology

The study is based on the secondary data collected from the Annual Reports of Ministry of MSME and MUDRA Organisation. The collected data are analysed using simple statistical tools like annual growth rate and compound growth rate.

Overview of MSME

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating largest employment opportunities at comparatively lower capital cost, next only to agriculture.

MSME constitute a major economic segment in our country that includes micro/small units engaged in manufacturing, processing, trading and services sector. There are nearly 51 million MSME units in the country which employ about 117 million people across various sectors, constituting 40% of the workforce. The MSME share to the total non- agricultural Gross Domestic Product (GDP) is about 37% and they also contribute to 43% of exports (MUDRA Annual Report 2017-18).

The biggest bottleneck to the growth of MSME is lack of financial support from the Banks; it was found that less than 15% of bank credit is going to Micro, Small and Medium Enterprises (MSMEs). As per MSME Pulse report published by Transunion CIBIL and SIDBI (March 2018), out of the 51 million MSME units, only 5 million units have access to formal credit. Providing access to institutional finance to such micro/small business units would turn them into strong instruments of GDP growth and also employment.

Pradhan Mantri Mudra Yojana (PMMY)

Most MSMEs are financially excluded due to unfavourable lending terms and conditions by commercial banks and other financial institutions in the country, which is a major obstacle to their growth and expansion. Micro Units Development and Refinance Agency Ltd (MUDRA) has been established by the Government of India on 8th April 2015 with primary objective of developing the micro enterprise sector in the country by extending various support including financial support in the form of refinance, so as to achieve the goal of "funding the unfunded". Aptly defined in its mission statement "to create an inclusive, sustainable and value based entrepreneurial culture, in collaboration with our partner institutions in achieving economic success and financial security." (Annual Report of MUDRA)

Pradhan Mantri MUDRA Yojana (PMMY) is a scheme launched by government of India on April 8, 2015 for providing loans up to 10 lakhs to the non-corporate, non-farm small/micro enterprises engaged in manufacturing, trading and services sectors. These loans are given by Commercial Banks, RRBs, Small Finance Banks, MFIs and NBFCs. These loans are classified as MUDRA loans under three categories:

1. Shishu: Under the Shishu, MUDRA will provide a loan up to ₹.50,000 to small businesses.
2. Kishor: Under Kishor loan, MUDRA will provide loans ranging from ₹.50, 000 up to ₹.5 lakh.
3. Tarun: Under this stage, loans of amounts ranging from ₹.5 lakh to ₹.10 lakh will be provided.

Under Pradhan Mantri MUDRA Yojana, the government has so far sanctioned 19 crore loans worth rupees 9.72 lakh crore. The scheme has proved as a positive effort to fulfill the credit needs of the micro and small businesses and has helped in relieving the entrepreneurs from the clutches of private moneylenders.

Achievements of PMMY in India

Table 1 depicts the overall achievement of PMMY in India over the years and there was a considerable growth of number of loans sanctioned with a cumulative total of 19,81,66,645. Total number of loans sanctioned has shown a positive increase from 3,48,80,924 in 2015-16 to 5,98,70,318 in 2018-19 with a compound annual growth rate of 66.69 per cent. The loan amount sanctioned

increased from ₹137449.27 crores in 2015-16 to ₹321722.79 crores in 2018-19. It was observed from the table that the amount of loan sanctioned has also show an increasing trend, i.e., from ₹ 1329354.73 crores in 2015-16 to ₹ 311811.38 crores in 2018-19. The figure 1 represents the substantial growth in the number of PMMY loans sanctioned and the amount of loan sanctioned in India over the years.

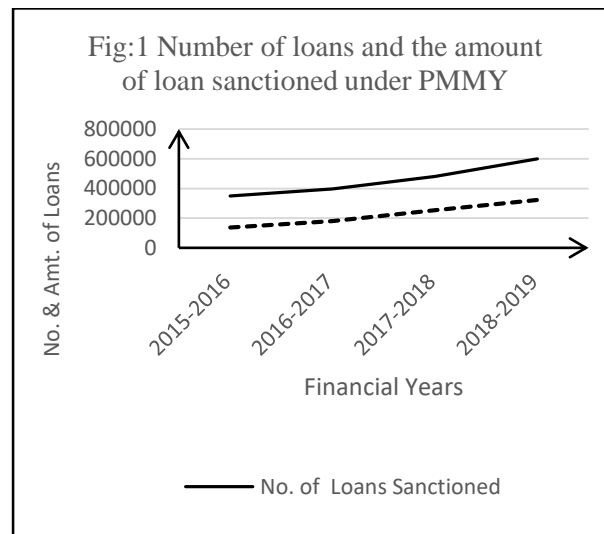
Table 1: Achievements Under PMMY in India Since Inception

(Amount ₹ in Crore]

| Financial year | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20* | Cumulative Total (Upto August 2019) |
|-------------------------|-----------|-----------|-----------|-----------|----------|-------------------------------------|
| No. of Loans Sanctioned | 34880924 | 39701047 | 48130593 | 59870318 | 15583763 | 198166645 |
| Amount Sanctioned | 137449.27 | 180528.54 | 253677.10 | 321722.79 | 78714.34 | 972092.04 |
| Amount Disbursed | 132954.73 | 175312.13 | 246437.40 | 311811.38 | 75116.21 | 941631.85 |
| AGR (No. of loans) | | 13.83 | 21.23 | 24.39 | | |
| CAGR (No. of loans) | | | | 66.69 | | |

Source: Annual Reports of MUDRA

*Provisional Data (Last Updated on: 16/08/2019)



Progress of PMMY in Tamilnadu

Tamil Nadu, as per the Udyog Aadhaar Registration report, has a total of 4,63,836 micro enterprises, 61,613 small enterprises and 1,493 medium enterprises, providing employment to more than 1.57 crore people both directly and indirectly. The state has achieved disbursing 7440662 Mudra loans to the tune of ₹ 33807 crore during 2018-19 as compared to the disbursement of 4781567 loans to the tune of ₹ 15496 crore in 2015-16 with a compound annual growth rate of 71.77 per cent.

Table 2 reveals that in 2015-16 under Shishu category 4506237 loans amounting to ₹ 8552.46 crore were sanctioned, it increased to 5366167 loans of ₹13266.17 crores in 2017-18 and it further increased to 6528577 loans, amounting to ₹ 18658.28 in 2018-19. Under Kishor, the total number of 234824 loans for an amount of ₹ 4398.88 crore were sanctioned and ₹4282.07 were disbursed in the year 2015-16. In the 2018-19, as many as 601720 loans have been sanctioned worth ₹ 8943.04 crore, of which ₹ 8710.56 crore was released.

Table 2: Progress of Pradhan Mantri MUDRA Yojana (2015-16 to 2019-20) in Tamil Nadu

(Amount ₹ in Crore]

| Category | | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20* | Cumulative total (upto August 2019) |
|--|------------------------------|----------|----------|----------|----------|----------|-------------------------------------|
| Shishu (Loans up to ₹ 50,000) | No. of PMMY Loans Sanctioned | 4506237 | 5000285 | 5366167 | 6528577 | 1400781 | 22802047 |
| | Amount Sanctioned | 8252.46 | 10931.84 | 13266.17 | 18658.28 | 4605.87 | 55714.62 |
| | Amount Disbursed | 8231.68 | 10897.54 | 13237.23 | 18597.62 | 4596.89 | 55560.96 |
| Kishor (Loans from ₹ 50,001 to ₹ 5.00 Lakh) | No. of PMMY Loans Sanctioned | 234824 | 275564 | 431666 | 601720 | 137087 | 1680861 |
| | Amount Sanctioned | 4398.88 | 4430.15 | 7407.89 | 8943.04 | 1742.60 | 26922.56 |
| | Amount Disbursed | 4282.07 | 4258.53 | 7176.10 | 8710.56 | 1671.06 | 26098.32 |
| Tarun (Loans from ₹ 5.00 to ₹ 10.00 Lakh) | No. of PMMY Loans Sanctioned | 40506 | 34008 | 62332 | 310365 | 30610 | 477821 |
| | Amount Sanctioned | 3194.80 | 2690.68 | 4657.62 | 6658.73 | 1171.81 | 18373.64 |
| | Amount Disbursed | 2983.11 | 2600.32 | 4567.59 | 6499.70 | 1108.14 | 17758.86 |
| Total | No. of PMMY Loans Sanctioned | 4781567 | 5309857 | 5860165 | 7440662 | 1568478 | 24960729 |
| | Amount Sanctioned | 15846.14 | 18052.68 | 25331.68 | 34260.05 | 7520.28 | 101010.83 |
| | Amount Disbursed | 15496.86 | 17756.39 | 24980.92 | 33807.87 | 7376.10 | 99418.14 |
| AGR (No. of Loans Sanctioned) | | | 11.05 | 10.36 | 26.91 | | |
| CAGR (No. of Loans Sanctioned) | | | | | 71.77 | | |

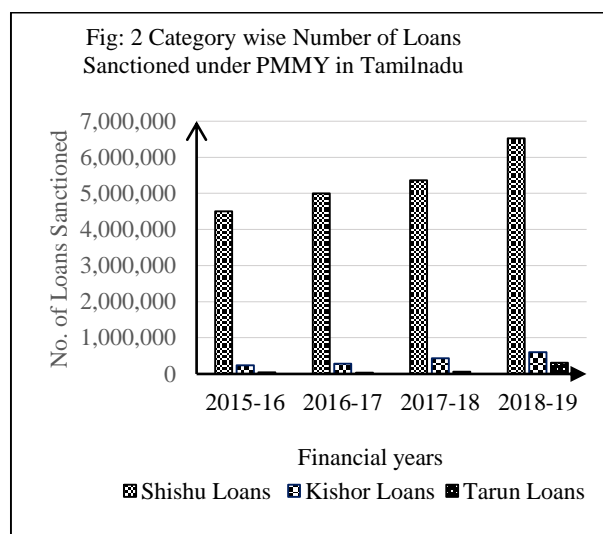
Source: Annual Reports of MUDRA

*Provisional Data (Last Updated on: 16/08/2019)

In the year 2015-16 the total number of 46506 loans were sanctioned under Tarun category, amounting to ₹ 3194.80 crores which has decreased to 34008 in 2016-17. But in the next two financial years the number of loans has increased to 62332 (2017-18) and 310765 (2018-19). The amount of loan sanctioned also increased from ₹4657.62 crores in 2017-18 to ₹6658.75 crores in 2018-19.

In a nutshell the number of loans has increased from 4781567 in 2015-16 to 7440662 in 2018-19 and amount of loan sanctioned and disbursed has also increased from ₹15846.14 crores to ₹34260.05 crores and from ₹15496.86 to ₹33807.87 crores respectively during 2015-16 to 2018-19. Till August 2019 as many as 1568478 beneficiaries have been sanctioned PMMY loan worth ₹ 7520.28 crores of which ₹7376.10 were disbursed.

Figure 2 indicates that the PMMY is making a positive progress under all the three categories with an increase in the total number of loans from 4781567 in 2015-16 to 7440662 in 2018-19. It also demonstrates that the number of loans disbursed under Shishu category is higher than Kishore and Tarun.



Conclusion

MSME sector is the most vibrant and dynamic sector, contributing significantly to GDP thereby promising high growth potential for the Indian economy. Pradhan Mantri Mudra Yojana (PMMY) is a flagship scheme of Government of India to “fund the unfunded” by bringing MSME to the formal financial system and extending affordable credit to them. It is hoped that over the years PMMY will make a lasting impact on the development of the micro enterprise sector by providing credit to millions of unfunded micro units in the country. To conclude PMMY has proved as a positive initiative of the government of India to strengthen the MSMEs in India.

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