

MUDRA LOAN; A TOOL FOR ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT

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Abstract : In India, Micro Enterprise constitutes a major economic segment in our country and provide large Employment after agriculture, therefore play a crucial role in the growth of the economy. But major part of this sector faces financial crises for their growth due to proper channel of funding agencies. Therefore, in the union budget which was presented by Hon'ble Finance Minister Shri Arun Jaitley for financial year 2015-2016 formation of MUDRA Bank was announced to overcome the financial problem of Small & Medium Enterprises. After that it was launched on 8th April 2015 by Hon'ble Prime Minister Shri Narendra Modi with a slogan "PUNJI SAFALTA KI KUNJI". Under this scheme loan facility is provided to SME's under three plans i.e. Shishu, Kishore and Tarun. In this context the present study dealt with the role of Mudra Loan for entrepreneurship Development in terms of its impact among the beneficiaries.

Index Terms - MUDRA Loan, Awareness, Motives and Impact

I. INTRODUCTION

Entrepreneurial activities and ventures over the last two decades have gained momentum with more and more people venturing into starting businesses. With unemployment ever prevailing, more and more people are relying on entrepreneurial activities to sustain. The role of government in this regard has also been quite commendable, with its various schemes. India is set to become the world's youngest country with 64 per cent of its population in the working age group. Encouraging entrepreneurship and self-employment at micro enterprise level will ensure autonomy and economic independence of the base level population. Micro Units Development and Refinance Agency or also known as MUDRA bank is a development finance agency that will promote and finance those micro industrial units in the country which could not be reached out to by SIDBI and all other formal financial institutions. This is a new scheme launched on 8th April according to which the latest scheme is to look forward to the development of small entrepreneurs. This scheme is launched keeping in mind the areas where the normal banks are unable to reach. There are remote places in the country where people are unable to use the regular bank services like loans and credit cards. The main objective of the present government is to empower the small micro business. So the purpose of MUDRA is to create as many MFIs as possible which can actually give same kind of eco-system and services which are avail now to these poor people. It will provide much needed fund at poor people doorsteps at a reasonable rate of interest. People rely too much only on commercial banks and unfortunately commercial banks are comfortable in lending to people who want more than Rs.10 lakhs. Their main forte has never been micro finance and that is what MUDRA BANK is targeting under MUDRA Loan.

II. STATEMENT OF THE PROBLEM

Small business units generally face lot of challenges to get loans from Banks. So, they end up taking high-cost loans from financiers or money lenders. It is believed that creating a bank like MUDRA Bank will hugely benefit small manufacturing units and self-employed individuals in rural and urban areas with financing requirements up to Rs.10 lakhs. Bringing in the informal sector into the formal system has many advantages for both business and economy. There are 5.77 crores of small business units

that are mostly individual proprietorships, running small manufacturing and training business, out of that 66per cent of these are owned by Scheduled Caste, Scheduled Tribes and Other Backward Castes. These measures will greatly increase the confidence of young educated and skilled entrepreneurs who are able to become the first generation enterprises, and existing small businesses will be able to expand their activities. Just as banking the unbanked, MUDRA banks main aim is funding the unfunded. Hence the present study examines the role of MUDRA loans for the development of entrepreneurship in Kerala in terms of its impact among the beneficiaries

III. OBJECTIVES OF THE STUDY

1. To determines the factors which influence the entrepreneurs to take the loans under MUDRA schemes.
2. To examine the awareness level about the MUDRA Loan among the beneficiaries
3. To assess the impact of MUDRA loan schemes among the beneficiaries.

III. SCOPE OF THE STUDY

The area of the study is limited to the beneficiaries of MUDRA loans in Trivandrum districts. The period of the study is 2017-2018.

IV. METHODOLOGY

The Study is designed as a descriptive and analytical; based on the survey method. The secondary data will collect from various books, journals, annual reports of PMMY and website of PMMY. The primary data will collect from the beneficiaries of MUDRA bank loan schemes. The study conducted in Trivandrum district, the capital city of Kerala, through structured interview scheduled.

Sample Design

The sample size will be 60 beneficiaries of MUDRA loan schemes. These samples will be selected by using purposive sampling technique.

Method of Analysis

The primary data so collected were approximately considered in the form of tables so as to render comprehension and statistically using simple percentage method and weighted ranking method.

PRADHAN MANTRI MUDRA YOJANA (PMMY)

Pradhan Mantri Mudra Yojana (PMMY)—also known in the Indian banking circles as the Mudra loan scheme—not only intends to bridge the funding gap to the micro enterprises but also aims to boost the confidence of the first generation entrepreneurs and assist existing small businesses expand their activities. Pradhan Mantri Mudra Yojana (PMMY) was launched on April 8, 2015 by the Hon'ble Prime Minister Mr. Narendra Modi and since then an amount of ₹3.18 lakh crore has been sanctioned under the programme, benefiting nearly 7.46 crore loan accounts, in the first two years of the programme. Non-corporate small business sector (NCSBS) and OAEs including proprietorship and partnership firms engaged in small manufacturing units, service sector enterprises, shop keeping, fruits and vegetable vending, trucking, operating food services, repairing and maintenance, operating machines, running small industries, food processing, handicraft making (artisans) among others in both rural and urban areas are potential Mudra borrowers under PMMY. From FY 2016–17 onwards, activities allied to agriculture have also been made eligible under PMMY. PMMY envisages providing Mudra loans to income generating micro enterprises engaged in manufacturing, trading and services up to 10 lakh. The MUDRA loans are divided into three categories based on the business life-cycle that the loanee enterprise currently is in. These three categories signify the growth, development and funding needs of the beneficiaries.

- a) Shishu: Loans up to 50,000
- b) Kishore: Loans from 50,001 to 5,00,000
- c) Tarun: Loans from 5,00,001 to 10,00,000

V. RESULTS AND DISCUSSIONS

The analysis and interpretations are carried on the basis of the primary data collected from the beneficiaries of MUDRA Loan using structured questionnaire. Here an attempt is to made to analyse the beneficiaries Awareness level, motives for the loan and impact of the scheme.

Gender wise classification

Table 1
Gender

Gender	No of respondents	Percentage
Male	42	70
Female	18	30
Total	60	100

Source; Primary data

The table 1 shows that, out of the 60 samples selected 70 percent were male respondents and remaining 30 percent were female respondents.

Age wise classification

Table 2
Age of the Respondents

Age	No of respondent	Percentage
<20	2	3.33
21-30	8	13.33
31-40	30	50
41-50	17	28.34
51-60	3	5
>60	-	-
Total	60	100

Source: primary data

The table 2 shows that, out of 60 samples selected 50 percent belongs to age category of 31-40. 28.34 percent respondents belongs to age category of 41-50, 13.33 percent belongs to 21-30, 5 percent belongs to 51-60, and 3.33 percent respondents belongs to age category of below 20.

Marital status wise classification

Table 3

Marital status

Marital status	No of respondents	Percentage
Married	42	70
Unmarried	15	25
Widowed	3	5
Divorced	-	
Separated	-	
Total	60	100

Source: Primary Data

The table 3 shows that, out of 60 samples selected, 70 percent respondents were married, 25 percent were unmarried and remaining 5 percent were widowed persons.

Educational wise classification**Table 4**
Educational Qualification

Educational Qualifications	No of Respondents	Percentage
Illiterate	4	6.66
High school	28	46.66
Higher secondary	24	40
Graduate	4	6.67
Total	60	100

Source: primary Data

The table 4 shows the educational qualification of sample respondents. 46.66 percent respondents had high school qualification, 40 percent had higher secondary qualification, 6.67 percent had graduation as their qualification and remaining 6.66 percent were illiterate.

Occupation wise classification**Table 5**
Occupation

Occupation	No of Respondents	Percentage
Income generating Services	2	3.34
Hotel and food processing	15	25
Engineering works	4	6.66
Beauty parlor and boutiques	3	5
Manufacturing	8	13.33
Agricultural and allied activities	28	46.67
Total	60	100

Source: Primary Data

The table 5 shows the occupation of sample respondents. 46.67 percent respondents have their occupation as agricultural and allied activities. 25 percent respondents have occupation as hotel and food processing, 13.33 persons have occupation as manufacturing, 6.66 persons are engineering workers, 5 percent respondents conducting beauty parlor and boutiques and remaining 3.34 persons have income generating services as their occupation

Awareness level**Table 6**
Awareness Level

Factors	Highly Aware	Aware	Neutral	Unaware	Highly Unaware	Total
Interest rate charged	13 (21.67)	38 (63.33)	2 (3.33)	5 (8.33)	2 (3.34)	60(100)
Loan amount provided	31 (51.66)	13 (21.67)	6 (10)	6 (10)	4 (6.67)	60(100)
Period of repayment of the loan	10 (16.67)	18 (30)	17 (28.33)	4 (6.67)	1 (1.67)	60(100)
Monthly Installment Amount	33 (55)	12 (20)	8 (13.34)	5 (8.33)	2 (3.33)	60(100)
Documentation needed	8 (13.34)	16 (26.66)	14 (23.33)	10 (16.67)	12 (20)	60(100)
Incidental charges	2 (3.33)	12 (20)	10 (16.67)	28 (46.66)	8 (13.34)	60(100)
About the schemes of SHISHU, KISHORE, TARUN	9 (15)	10 (16.67)	27 (45)	11 (18.33)	3 (5)	60(100)

Source: Primary Data

Note: figures in the brackets represent percentage to the horizontal total

Table 6 shows the awareness level of respondents regarding various factors of MUDRA Loan. Out of 60 sample respondents 21.67 percent respondents were highly aware about interest rate, 63.33 percent respondents were aware, 3.33 percent respondents were neutral, 8.33 Per cent were unaware and 3.34 percent respondents are highly unaware about interest rate. Regarding loan amount provided, 51.66 percent respondents were highly aware about loan amount, 21.67 percent respondents were aware, 10 percent respondents were neutral opinion, 10 percent were unaware and 6.67 percent respondents were highly unaware about loan amount provided. The third factor, period of repayment of the loan, Out of 60 samples selected, 16.67 percent respondents were highly aware about repayment period, 30 percent respondents were aware, 28.33 percent respondents are neutral, 6.67percent are unaware and remaining 1.67 percent respondent were highly unaware about repayment period of the loan amount. Regarding monthly installment amount 55 percent respondents were highly aware, 20 percent are aware, 13.34 percent were neutral, 8.33 percent were unaware and 3.33 percent respondents were highly unaware about the monthly installment amount. Regarding documentation needed 13.34 percent respondents are highly aware, 26.66 percent are aware, 23.33 percent are neutral, 16.67 percent were unaware and remaining 20 percent respondents were highly unaware about the documentation needed. Respondents awareness level towards incidental charges shows that, out of 60 sample selected 3.33 percent respondents were highly aware, 20 percent were aware, 16.67 percent were neutral, 46.66 percent were unaware and remaining 13.34 percent respondents were highly unaware about incidental charges. . Regarding the awareness level towards schemes like SHISHU, KISHORE, TARUN, 15 percent respondents were highly aware, 16.67 percent were aware, 45 are neutral, 18.33 percent are unaware and remaining 5 percent respondents were highly unaware about the various schemes like SHISHU, KISHORE, TARUN.

Sources of awareness

Table 7

Sources of Awareness

Source	No of respondents	Percentage
Marketing executives	34	56.67
Friends and Relatives	9	15
Government officials	7	11.66
Media	-	-
Banking officials	10	16.67
Total	60	100

Source: Primary Data

Table 7 shows the respondent's sources of awareness about mudra loan. Out of the total 60 samples selected, 56.67 percent respondents got awareness from marketing executives, 16.67 percent respondents came to know about loan from banking officials, 15 percent respondents from friends and relatives and remaining 11.66 percent respondents got awareness from government officials.

Motives for Mudra Loan

Table 8
Motives for Mudra Loan

Factors	Rank
Easy accessibility	1
Easy documentation needed	4
Low interest	3
Adequate loan amount	7
Low transaction cost	2
Low installment amount	5
Adequate maturity period	6
Entrepreneurial aspiration	8

Source; Primary Data

Table 8 shows the ranking of respondent's motives for mudra loan. The sample respondents assign first rank to the factor easy accessibility. Low transaction cost comes second position, low interest 3rd rank, easy documentation needed got 4th rank, low installment amount got 5th rank, adequate maturity period assigns 6th rank, adequate loan amount assigned 7th rank and entrepreneurial aspiration has given 8th rank.

Impact of the Loan

Table 9
Impact of Loan

Impact	Very much increased	Increased	No change	Total
Social relationship	53 (88.33)	4 (6.67)	3 (5)	60 (100)
Social prestige	60 (100)	-	-	60 (100)
Reputation in the society	60 (100)	-	-	60 (100)
Standard of living	27 (45)	31 (51.67)	2 (3.33)	60 (100)
Decision making capacity	60 (100)	-	-	60 (100)
No of employment days	60 (100)	-	-	60 (100)
Assets of the family	-	42 (70)	18 (30)	60 (100)
Independence in the family	36 (60)	24 (40)	-	60 (100)

Source: Primary Data

Note: Note: figures in the brackets represent percentage to the horizontal total

Out of the 60 respondents, 100 per cent of the respondents agreed that they had experienced very much increase in their social relationship, reputation in the society, decision making capacity and number of employment days. But 51.67 per cent, 70 per cent and 40 per cent of the total respondents agreed that they had witnessed an increase in their standard of living, assets in the family and independence in the family respectively.

VI. FINDINGS OF THE STUDY

- The respondents included 70 percentage of males and 30 percentage of females.
- 50 percentage of the population belongs to the age group of 31-40
- More than half of the respondents were married.
- Most of the respondents were literate.
- Most of the respondents were engaged in agrarian activities.
- Most of the respondents are highly aware about the loan amount provided, followed by their awareness in monthly installment amount.
- Most of the respondents were aware about Mudra through marketing executives, followed by banking and government officials
- Easy accessibility, easy documentation and low interest are main motives of Mudra loan. Among them entrepreneurial aspiration were least considered.
- 70 percentage of respondents were identified as satisfied beneficiaries of Mudra loan.
- Majority of the population is unaware about the training programme provided.
- The social relationship and social prestige of Mudra beneficiaries had increased.

- Beneficiaries are satisfied with the loan amount, but they were highly dissatisfied about the factors like documents needed and incidental charges. They are not getting enough support from banking officials.

VII. CONCLUSION

Small business forms the foundation of economic development of countries. In India Mudra Yojana boost up the small and micro business units through Mudra loans. Small sized business loans like Shishu, Kishore and Tarun satisfies the entrepreneurial needs of the individuals engaged in small scale industries. However the findings of the study witnessed that many of the entrepreneurs were not aware about the different aspects of the scheme. But the Mudra loan positively effects on their social as well as economic life.

VIII. SUGGESTIONS

1. The Banks must properly monitor the implementation side of the MUDRA loan, that will help to improve economic development of beneficiaries.
2. The rate of interest is charged by the Mudra loan is should be reduced. So necessary steps must take to reduce rate of interest to ensure the objectives of the scheme.
3. The quantum of loan must be increased to suit the requirements of the poor entrepreneurs.
4. Some of the beneficiaries who are aware about the training programme still not attending the same due to their livelihood. So the training programme must be conveniently implemented which helps to attend them also.

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