

# IMPACT OF E-BANKING ON PRADHAN MANTRI MUDRA YOJANA

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## Abstract

Finance is one of the most important things to fight poverty and provide employment opportunities. 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 primary point behind the monetary consideration is to cover the all segment of population under monetary administrations. Pradhan Mantri Mudra Yojana was announced by the Hon'ble Prime Minister Shri Narendra Modi on 8<sup>th</sup> April, 2015 alongside the reporting of MUDRA Bank. PMMY is another financial inclusion initiative of Government of India which aims not only on funding the unfunded but also aims to increase the funding gap to micro enterprises. It also helps the existing micro units to enhance their activities. Government of India makes guidelines, rules and regulations related to PMMY, for all banks and MFIs. MUDRA is non-banking financial institution for supporting the micro enterprises segment in the country. It provides support to the banks and all MFIs for micro enterprises having loan necessity up to 10 lakhs. Government of India has introduced some of the major steps to "fund the unfunded" micro enterprises segment. One of the initiatives taken by Government of India is which plays an important role in achieving the success of financial inclusion. The idea behind the scheme is to provide the credit requirement to small business upto Rs.10 lakhs. This paper includes the overview of PMMY, features of PMMY, current scenario, effects of e-banking implements on PMMY and conclusion.

**Key words:** Financial inclusion, micro enterprises, poverty eradication, industrial development, etc.

## 1. Introduction

Finance is one of the maximum important things to fight poverty and provide employment possibilities. Financial inclusion is one of the most precious strategies in India. Our economic arrangement has dependably been pushed via a primary plan of a sensible and complete development. The idea of economic inclusion changed into first introduced through the Governor of RBI Shri Y.V. Reddy in 2005. Financial inclusion is an approach of making sure access to suitable financial offerings to all the sections of society which includes low income groups and weaker section at a low-priced fee. Government of India has been added some of monetary inclusion projects along with Pradhan Mantri Mudra Yojana, Pradhan Mantri Jeewan Jyoti Beema Yojana, Pradhan Mantri Jan Dhan Yojana, Atal Pension Yojana, Pradhan Mantri Surakhsha Beema Yojana, etc. PMMY turned into introduced with the aid of the Hon'ble Prime Minister Shri Narendra Modi on 8<sup>th</sup> April, 2015 at the side of the creation of MUDRA financial institution. It is also known as the Mudra mortgage scheme.

## 2. Features of PMMY

As per NSSO Survey (2013), there are around 5.77 crore small/micro units in the country, engaging around 12 crore people, mostly individual proprietorship/own account enterprises. Over 60 per cent of units are owned by persons belonging to scheduled caste, scheduled tribe or other backward classes. Most of these units are outside the formal banking system, and hence are forced to borrow from informal sources or use their limited owned funds. MUDRA Loan Scheme has been proposed to bridge this gap. MUDRA Loan Scheme will aim to increase the confidence of the aspiring young person to become first generation entrepreneurs as also of existing small businesses to expand their activities. MUDRA loans are extended by banks, NBFCs, MFIs and other eligible financial intermediaries as notified by MUDRA Limited. The scheme envisages providing MUDRA loan upto Rs. 10 lakhs to income generating micro enterprises engaged in manufacturing, trading and services sectors. The MUDRA loans are extended under following three categories: Loans upto Rs. 50,000 (Shishu); loans from Rs.50001 to 5 lakhs (Kishore); and loans from Rs.5, 00,001 to 10 lakhs (Tarun). Accordingly, all advances granted on or after 8th April 2015 falling under the above category are classified as MUDRA loans under the PMMY. Individuals, proprietary concern partnership firm, private limited company, public company and any other legal forms are eligible borrowers. The applicant should not be defaulter to any bank or financial institution and should have a satisfactory credit track record. The individual borrowers may be required to possess the necessary skills/experience/ knowledge to undertake the proposed activity.

Contribution is as per the policy framework of the bank, based on overall guidelines of RBI in this regard. Banks may not insist for margin for Shishu loans. Need based term loan/OD limit/composite loan to eligible borrowers for acquiring capital assets and/or working capital/marketing related requirements. The MUDRA loans are provided for income generating small business activity in manufacturing, processing, and service sector or trading. The project cost is decided based on business plan and the investment proposed. MUDRA loan is not for consumption/personal needs. For the purpose of working capital limit, MUDRA has launched a new product called “MUDRA Card”, which is a debit card issued on RuPay platform, and provides hassle free credit in a flexible manner. Scheduled commercial banks, RRBs and cooperative banks wishing to avail of refinance from MUDRA will have to peg their interest rates, as advised by MUDRA Limited from time to time.

## 3. Mudra card

In the contemporary world, where technology plays an important role in payment and settlement, the small and micro enterprises also need to be on board with the same. Debit/credit card is the simplest form of digital payment mechanism for banking. Making credit/debit cards available with small/micro entrepreneurs will empower them to move ahead with confidence. The need for

working capital is beyond any doubt. Most micro enterprises need flexible credit. Realizing this, MUDRA introduced the MUDRA card, a RuPay debit card, operable on all ATMs and PoS machines where RuPay is operative. The Mudra card is a flexible credit product that meets the working capital needs of micro and small entrepreneurs as cash can be withdrawn from any ATM or merchandise purchased using PoS machine so that interest burden is reduced.

#### **4. Current scenario of PMMY**

Mudra, a game changer is a lending credit line set up as a subsidiary of the Small Industries Development Bank of India. Whenever informal sector people like rickshaw pullers, household factories, etc. looked for formal credit the condition of security was a major hurdle in getting the loan and half of them couldn't be fulfilled as the borrowers did not own any property or have collateral. With the introduction of Mudra, there is no condition of collateral of upto loan of Rs 10 lakhs and it aims to fund the unfunded. Many of own account enterprises are owned by people belonging to scheduled caste, scheduled tribe or other backward classes. However, only 4 per cent of such units get institutional finance. Providing access to institutional finance to such micro/small business units would turn them into a strong instrument of GDP growth and also employment. Hence, the government introduced the Micro Units Development and Refinance Agency (MUDRA) to help and sustain the small businesses of our nation. MUDRA Bank has been established by a government with a refinance corpus of Rs.20000 crore, and credit guarantee corpus of Rs.3000 crore.

TABLE 1

## Statement of Amount Sanctioned and Disbursed Under Mudra Scheme

Source: Report on PMMY

Year	Product	No.Of Sanction Amt	Sanctioned Amt (Rupees In. Crores)	Disbursement Amt
2015-2016	Shishu	4506237	8252.46	8231.68
	Kishor	234824	4398.88	4282.07
	Tarun	40506	3194.80	2983.11
<b>Total</b>		<b>4781567</b>	<b>15846.14</b>	<b>15496.86</b>
2016-2017	Shishu	5000285	10931.84	10897.54
	Kishor	275564	4430.11	4258.53
	Tarun	34008	4257.53	2600.32
<b>Total</b>		<b>5309857</b>	<b>18052.68</b>	<b>17756.39</b>
2017-2018	Shishu	5366167	13266.17	13237.29
	Kishor	431666	7407.89	7176.10
	Tarun	62332	4657.62	4567.59
<b>Total</b>		<b>5860165</b>	<b>25331.68</b>	<b>24980.92</b>
2018-2019 (Provisional)	Shishu	3577531	10287.95	10265.82
	Kishor	280550	4218.51	4046.11
	Tarun	36756	2902.12	2812.82
<b>Total</b>		<b>3894837</b>	<b>17408.59</b>	<b>17124.75</b>

TABLE 2

## Progress of PMMY

Product	Details	2015-16 (Based year)			2016-17			2017-18			2018-19 (provisional year)		
		Actual amt	Changes	%	Actual amt	Changes	%	Actual amt	Changes	%	Actual amt	Changes	%
Shishu	No. of sanction	4506231	-	-	5000285	+	10.96	5366167	+	19.08	4850142.61	+	7.63
	Sanctioned amt.	8252.46	-	-	10931.84	+	32.47	13266.17	+	60.75	13975.13	+	69.34
	Disbursement amt.	8231.68	-	-	10897.54	+	32.39	13237.29	+	60.80	13944.97	+	69.40

<b>Kishor</b>	No of sanction	234824	-	-	275564	+	17.35	431666	+	83.82	384676	+	61.34
	Sanctioned amt.	4398.88	-	-	4430.11	+	0.70	7407.84	+	68.40	5783.96	+	31.93
	Disbursement amt.	4282.07	-	-	4258.53	-	0.55	7176.10	+	67.58	5479.27	+	27.96
<b>Tarun</b>	No of sanction	40506	-	-	34008	-	16.9	62332	+	53.88	50536	+	24.76
	Sanctioned amt.	3194.80	-	-	2690.68	-	15.78	4657.62	+	45.79	3974.64	+	24.40
	Disbursement amt.	2983.11	-	-	2600.32	-	12.83	4567.59	+	53.12	3799.11	+	27.35

Sources: Compiled data

Table 2 shows that progress of implementing PMMY product in India for the period 2015-2019. It is inferred that considering the year 2015-16 as base, during 2016-2017 and 2017-2018 there progressive increased in trend was found in shishu, kishor, and tarun. However, in trend was find there is slope in performance found in 2018-19. While evaluating the product in the produce kishor performed well compared to tarun and shishu respectively in all the years in respect of No. of sanctioned. Regarding the amount sanctioned, the product shishu performed in a better manner than tarun and kishor.

## 5. Conclusion

MUDRA represent Micro Unit Development and Refinance Agency has been set up for "fund the unfunded" with monetary help upto Rs.10 lakhs to non-corporate, non-cultivate, little/small scale ventures. The examination endeavored to dissect the idea, goals, contributions and effect of Pradhan Mantri Mudra Yojana. The PMMY scheme is certain to take our country forward to the future and make India an increasingly practical nation. By giving credit to all smaller scale, little and medium undertakings, PMMY will likewise add to the advancement of 'Make in India' activity.

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