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Appraisal of Pradhan Mantri Mudra Yojana (PMMY) – A Landmark Initiative for Financial Inclusion

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Abstract: The Government of India has set up a new institution called Micro Units Development and Refinance Agency Bank (MUDRA Bank) for development of micro units and refinance of Micro Finance Institutions (MFIs) to encourage entrepreneurship in India & provide the funding to the non corporate small business sector. The present initiative is launched on 8 April 2015 and has completed the journey of 2 years and is expected to create the favourable entrepreneurship/startup ecosystem in India. The present study tries to evaluate the performance of this initiative in terms of state-wise, bank-wise performance and category wise disbursements and the extent to which the beneficiaries are reached. The study concludes that the launch of MUDRA and PMMY is the landmark initiative in the financial inclusion landscape for transforming India. This will create not only the favourable entrepreneurial ecosystem for businesses but will help uplift socio-economic standards of the deprived section of the society by creating the multiplier effect in the economy.

Key Words: MUDRA Bank, Pradhan Mantri Mudra Yojana (PMMY), Informal Sector, Financial inclusion.

Contribution to the body of Knowledge: The evaluation of the performance of the scheme in this study helps in contemplating the penetration of the scheme in terms of credit accounts opened and amount disbursed. The study gave an insight of state-wise allocation of credit, bank-wise analysis of amount distributed, and category-wise beneficiaries of PMMY Scheme. It helped in understanding the extent to which the informal micro business enterprises are incorporated in the mainstream of economic activity.

I. INTRODUCTION

A large part of the population, particularly informal sector is continued to suffer economic exclusions even today in the era of globalization. It is estimated that Indian GDP can be raised by almost 15 per cent if the informal sector data is incorporated in the GDP series. The members of the informal sector are usually denied institutional credit and hence forcing them to go to moneylenders. Hence it is necessary to

change the economic architecture of the country so that it will enable effective participation of economic agents and will give boost to the economic activity. This obviously involves funding the unfunded, unlocking the potential of a new pool of entrepreneurs and future taxpayers in the country, expand the tax-GDP ratio and increase the government revenues.

As cited by Chandrashekhar R (2015), according to the Economic Census Survey, 2012 there are 57.7 million enterprises in India, generating employment for 460 million people, of which 262 million people are self-employed belonging to informal sector and contributes significant part of our economy. It accounts for 90 per cent of our non-agricultural workforce, 50 per cent of the gross domestic product (GDP) and 40 per cent of the non-farm GDP. This informal GDP is almost completely out of the direct tax net and lacks any formal form of access to credit or risk capital to allow it to grow and join the mainstream economy. Many of these informal members are low income small business owners belonging to traditionally excluded communities such as Scheduled Castes, Scheduled Tribes and other backward classes, who owns big pie in the share of all enterprises in this sector.

Crisil reported the score of 50.1 at the end of fiscal 2013 indicating that India's 50% population had access to formal banking services. Looking at this scenario prevalent in the informal sector, it is necessary to create and expand the financial ecosystem which will prove to be a financial engine of capital and finance to the unbanked and also reduce the cost of capital on the finances for the micro and small enterprises, most of which are in the informal sector and can contribute significantly to the socio-economic development of the country. Hence, as a part of initiatives of transforming India, opening of accounts under the Pradhan Mantri Jan-Dhan Yojana was an important first step. The next step in the direction of financial inclusion was to enable the account holders to enjoy financial services, irrespective of their economic backgrounds. The Government of India has set up a new institution called Micro Units Development and Refinance Agency Bank (MUDRA Bank) for development of micro units and refinance of Micro Finance Institutions (MFIs) to encourage entrepreneurship in India & provide the funding to the non corporate small business sector. MUDRA will refinance to micro business under the scheme of Pradhan Mantri MUDRA Yojana (Scheme).

Under the guideline of Pradhan Mantri MUDRA Scheme, MUDRA Bank has launched its three initiative product and its name is MUDRA Bank Shishu Loans up to Rs 50,000; MUDRA Bank Kishor Loans between Rs 50,001 and Rs 5 lakh & MUDRA Bank Tarun Loans of Rs 5-10 lakh to signify the stage of growth and funding needs of the micro units or entrepreneur. The Shishu loans patronizes micro businesses like a vegetable vendor, a hair salon, or a rickshaw puller, etc., while a Kishor and Tarun loan support comparatively bigger businesses such as soap manufacturing unit, sugarcane juice extraction unit, production of paper dishes or paper napkins, dairy products, pickle units and so on. MUDRA Bank is refinancing through State level institutions, MUDRA will deliver the loan through NBFCs, MFIs, Rural Banks, District Banks, Nationalized Banks, Private Banks, Primary Lending Institutions and other intermediaries. There is no fix Interest rate in MUDRA loan. According to source banks are charging around Base Rate + 1% to 7% minimum. The interest rate can be higher according to risk and customer profile and it can be different in all banks. MUDRA Bank is not refinancing agriculture sector under PMMY but traders of vegetables & fruits are covered under MUDRA Bank Schemes. The scheme has a total corpus of Rs 20,000 crore which can lend between Rs 50,000 and Rs 10 lakh to small entrepreneurs and banks and Micro-finance institutions can draw refinance under the MUDRA Scheme after becoming member-lending institutions of MUDRA.

The present initiative is launched on 8 April 2015 and has completed the journey of 2 years and is expected to create the favourable entrepreneurship/startup ecosystem in India. Hence the study attempts to evaluate the performance of this initiative in terms of its penetration and benefits. The rest of the study is organized as below: Section II reviews the existing literature, Section III discusses the Data and Methodology, Section IV discusses the empirical analysis, Section V discusses the empirical findings and Section VI concludes.

II. LITERATURE REVIEW

Shahid & Irshad (2016) in their study concluded that Mudra Bank will hugely benefit small manufacturing units and self-employed individuals in rural and urban areas and will positively affect the progress of the economy as a whole. It has given a vision of formalizing the informal and thereby funding the unfunded and fill a yawning gap in India's microfinance space. Kumbhare S.S. & Ujjwal Kumar (2016) pointed out that as far as MUDRA scheme is concerned very few percentages of households among SCs and OBCs are found to be aware about the scheme. It floats only amongst the few who are well acquainted with the banking services, due to which the targeted people falling under the vulnerable sections are normally excluded from the scheme. According to Venkatesh & Lavanya Kumari (2015), India standing at the threshold of becoming an economy with favourable demographic dividend to capitalize on, will benefit various entrepreneurs engaged in small scale business activities. Rudrawar & Uttarwar (2016) pointed out that Mudra Bank will be a catalyst for development of employment, GDP and entrepreneurship at large.

As the initiative is very recent, very few studies are available. Going through these studies, it is observed that comprehensive performance evaluation is necessary to evaluate the performance and penetration of the scheme in terms of credit accounts opened and amount disbursed to the various eligible beneficiaries. The present study tries to explore the nature of disbursements and the extent to which the beneficiaries are reached. Hence the study is proposed.

III. METHODOLOGY AND DATA

The research is exploratory in nature and is based on secondary data collected from various PMMY – Performance Reports which are available Statewise, Bankwise and Categorywise on the website of Mudra Bank. The performance evaluation is done Statewise, Bankwise and categorywise based on the accounts opened and amount disbursed to the various beneficiaries during 2015-16 to 2016-17. The data for the period 2017-18 is not yet available.

IV. EMPIRICAL ANALYSIS

For evaluation of the performance of the Pradhan Mantri Mudra Yojana (PMMY), the empirical analysis of performance of PMMY is done statewise, bankwise and based on overall performance discussed as below:

Statewise Performance of PMMY

The table 1 below shows the descriptive statistics associated with the number of accounts opened and amount disbursed under various schemes of PMMY during the year 2015-16 and 2016-17 in 36 States / Union territories of India.

Table 1
Descriptive Statistics (Disbursement amount in Rs Crores)

Table 1 (a): Statewise Performance during the year 2015-16

	<i>Shishu</i>		<i>Kishore</i>		<i>Tarun</i>		<i>Total</i>	
	<i>No of A/Cs</i>	<i>Disbrsmnt Amt</i>	<i>No of A/Cs</i>	<i>Disbrsmnt Amt</i>	<i>No of A/Cs</i>	<i>Disbrsmnt Amt</i>	<i>No of A/Cs</i>	<i>Disbrsmnt Amt</i>
Mean	900029.06	1722.99	57485.03	1140.92	11400.47	829.27	968914.56	3693.19
Standard Error	213253.05	409.84	11536.60	218.71	2157.46	156.34	225403.51	759.48
Median	334367.5	690.95	33254.5	685.13	5876	444.65	397574.5	1950.61
Mode	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Standard Deviation	1279518.32	2459.03	69219.57	1312.25	12944.77	938.07	1352421.03	4556.86
Sample Variance	1.64E+12	6046808.50	4791348946	1721998.06	167567168.5	879967.28	1.83E+12	2.08E+07
Kurtosis	1.422	2.157	1.672	0.828	0.556	0.664	1.487	1.638
Skewness	1.565	1.707	1.475	1.273	1.200	1.214	1.568	1.507
Range	4505686	9070.67	264574	4741.88	43223	3293.09	4780827	16464.08
Minimum	551	1.04	170	3.06	19	1.25	740	5.35
Maximum	4506237	9071.71	264744	4744.94	43242	3294.34	4781567	16469.43
Sum	32401046	62027.69	2069461	41073.28	410417	29853.76	34880924	132954.73
Count	36	36	36	36	36	36	36	36

Source: Author's Computation from PMYY-Statewise Performance 2015-16, Mudra Bank (www.mudra.org.in)

Table 1 (b): Statewise Performance during the year 2016-17

	<i>Shishu</i>		<i>Kishore</i>		<i>Tarun</i>		<i>Total</i>	
	<i>No of A/Cs</i>	<i>Disbrsmnt Amt</i>	<i>No of A/Cs</i>	<i>Disbrsmnt Amt</i>	<i>No of A/Cs</i>	<i>Disbrsmnt Amt</i>	<i>No of A/Cs</i>	<i>Disbrsmnt Amt</i>
Mean	1013828.14	2330.33	73986.17	1418.42	14992.56	1121.03	1102806.86	4869.78
Standard Error	238500.15	541.17	14719.46	264.24	2918.82	214.61	252025.21	946.89
Median	306331.5	793.27	39302	864.07	8354.5	650.52	384636.5	3453.73
Mode	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Standard Deviation	1431000.92	3246.99	88316.77	1585.46	17512.90	1287.69	1512151.28	5681.36
Sample Variance	2.05E+12	1.05E+07	7.80E+09	2513698.77	306701591.6	1658142.57	2.2866E+12	32277865.41
Kurtosis	1.061	1.183	1.081	0.146	1.722	1.501	0.970	0.156
Skewness	1.487	1.504	1.335	1.078	1.424	1.353	1.454	1.155
Range	4999974	10911.66	332038	5400.34	69344	5119.14	5309384	17751.88
Minimum	311	0.51	144	2.51	18	1.2	473	4.51
Maximum	5000285	10912.17	332182	5402.85	69362	5120.34	5309857	17756.39
Sum	36497813	83891.87	2663502	51063.1	539732	40357.13	39701047	175312.15
Count	36	36	36	36	36	36	36	36

Source: Author's Computation from PMYY-Statewise Performance 2016-17, Mudra Bank (www.mudra.org.in)

From the table 1, it can be seen that average number of accounts opened and the amount disbursed under Shishu yojana are 10,13,828.14 and Rs 2,330.33 crores respectively during 2016-17 as against 9,00,029.06 and Rs. 1,722.99 crores during 2015-16. The average number of accounts opened and the amount disbursed under Kishore yojana are 73,986 and Rs 1,418.42 crores respectively during 2016-17 as against 57,485.03 and Rs. 1,140.92 crores during 2015-16. Similarly, the average number of accounts opened and the amount disbursed under Tarun yojana are 14,992.56 and Rs 1,121.03 crores respectively during 2016-17 as against 11,400.47 and Rs. 829.27 crores during 2015-16. The average number of accounts opened and the amount disbursed under PMMY yojana are 11,02,806.86 and Rs 4,869.78 crores respectively during 2016-17 as against 9,68,914.56 and Rs. 3,693.19 crores during 2015-16. Thus, it can be inferred that the performance of PMMY is highly encouraging as the number of accounts opened and amount disbursed increased in all the categories of loans in 2016-17 as compared with 2015-16.

The table 2 below shows the top ten states in terms of number of credit accounts opened in percentage of total accounts.

Table 2
Top Ten States in terms of No. of Credit accounts Opened (in Percentage)

SN	States	During 2015-16				During 2016-17					
		Shishu	Kishore	Tarun	Total	Shishu	Kishore	Tarun	Total		
1	Tamil Nadu	4506237 (13.91)	234824 (11.35)	40506 (9.87)	4781567 (13.71)	1	Tamil Nadu	5000285 (13.70)	275564 (10.35)	34008 (6.30)	5309857 (13.37)
2	Karnataka	4153714 (12.82)	264744 (12.79)	41151 (10.03)	4459609 (12.79)	2	West Bengal	4415268 (12.10)	125457 (4.71)	25780 (4.78)	4566505 (11.50)
3	Maharashtra	3337382 (10.30)	154441 (7.46)	43242 (10.54)	3535065 (10.13)	3	Karnataka	3546071 (9.72)	332182 (12.47)	55325 (10.25)	3933578 (9.91)
4	Uttar Pradesh	3149078 (9.72)	160502 (7.76)	35802 (8.72)	3345382 (9.59)	4	Bihar	3622665 (9.93)	116492 (4.37)	17559 (3.25)	3756716 (9.46)
5	West Bengal	2487603 (7.68)	118927 (5.75)	22018 (5.36)	2628548 (7.54)	5	Maharashtra	3054130 (8.37)	220662 (8.28)	69362 (12.85)	3344154 (8.42)
6	Madhya Pradesh	2406310 (7.43)	84343 (4.08)	20538 (5.00)	2511191 (7.20)	6	Uttar Pradesh	3076798 (8.43)	213841 (8.03)	46908 (8.69)	3337547 (8.41)
7	Bihar	2310112 (7.13)	129001 (6.23)	12326 (3.00)	2451439 (7.03)	7	Madhya Pradesh	2532101 (6.94)	120581 (4.53)	30370 (5.63)	2683052 (6.76)
8	Odisha	2281495 (7.04)	51401 (2.48)	10365 (2.53)	2343261 (6.72)	8	Odisha	2525473 (6.92)	67611 (2.54)	13685 (2.54)	2606769 (6.57)
9	Rajasthan	1068001 (3.30)	68468 (3.31)	23350 (5.69)	1159819 (3.33)	9	Assam	1214502 (3.33)	34363 (1.29)	6889 (1.28)	1255754 (3.16)
10	Gujarat	975320 (3.01)	85245 (4.12)	25842 (6.30)	1086407 (3.11)	10	Rajasthan	1015448 (2.78)	148125 (5.56)	41264 (7.65)	1204837 (3.03)
	Total	82.33	65.33	67.04	81.14	Total	82.20	62.13	63.21	80.60	
	Grand total (No. of A/Cs)	32401046 (100)	2069461 (100)	41041734880924 (100)		Grand total (No. of A/Cs)	36497813 (100)	2663502 (100)	539732 (100)	39701047 (100)	

Source: Author's Computation from PMYY-Statewise Performance 2015-16 & 2016-17, Mudra Bank (www.mudra.org.in)

From the table 2, it can be seen that top ten states contributes 81.14 % and 80.60% of the accounts out of the total accounts opened during 2015-16 and 2016-17, respectively in 36 States/UTs. The similar trend is observed in case of category wise loan accounts opened under Shishu Scheme. The loan accounts opened under Kishore and Tarun Scheme are in the range of 62 – 67 % during 2015-16 and 2016-17 in top ten State/UTs list. In terms of total loan accounts opened, Tamil Nadu tops the list with West Bengal, Karnataka, Maharashtra and Bihar amongst the top five states. Thus, the accounts opened under PMMY seem to be skewed and concentrated towards the prominent states of India. The other state seems to be either neglected or penetration of the scheme in these states is not noteworthy. Also, it is estimated by various reports that there are about 5.77 crore small businesses in the country, out of which it seems that only 12.93 per cent are able to obtain loans from formal institutions till 2016-17 and rest 87.07 per cent are dependent upon money lenders and private sources for getting financial assistance.

The table 3 below shows the top ten states in terms of credit amount disbursed as percentage of total amount disbursed in 36 States/UTs.

Table 3
Top Ten States in terms of Credit Disbursement in Rs Crores (in percentage)

		2015-16				2016-17					
SN	States	Shishu	Kishore	Tarun	Total	SN	States	Shishu	Kishore	Tarun	Total
1	Karnataka	9071.71 (14.63)	4744.94 (11.55)	2652.78 (8.89)	16469.43 (12.39)	1	Tamil Nadu	10897.54 (12.99)	4258.53 (8.34)	2600.32 (6.44)	17756.39 (10.13)
2	Tamil Nadu	8231.68 (13.27)	4282.07 (10.43)	2983.11 (9.99)	15496.86 (11.66)	2	Karnataka	8166.92 (9.74)	5402.85 (10.58)	3720.93 (9.22)	17290.7 (9.86)
3	Maharashtra	6616.11 (10.67)	3461.97 (8.43)	3294.34 (11.03)	13372.42 (10.06)	3	Maharashtra	6909.4 (8.24)	4947.01 (9.69)	5120.34 (12.69)	16976.76 (9.68)
4	Uttar Pradesh	5849.68 (9.43)	3325.18 (8.10)	2706.07 (9.06)	11880.93 (8.94)	4	West Bengal	10912.17 (13.01)	2576.24 (5.05)	1991.62 (4.93)	15480.03 (8.83)
5	Madhya Pradesh	4610.76 (7.43)	1653.63 (4.03)	1504.9 (5.04)	7769.29 (5.84)	5	Uttar Pradesh	6756.77 (8.05)	4388.28 (8.59)	3608.53 (8.94)	14753.59 (8.42)
6	West Bengal	4086.8 (6.59)	2201.84 (5.36)	1451.77 (4.86)	7740.41 (5.82)	6	Bihar	8225.89 (9.81)	1944.19 (3.81)	1415.55 (3.51)	11585.63 (6.61)
7	Bihar	4113.7 (6.63)	2227.77 (5.42)	924.44 (3.10)	7265.91 (5.46)	7	Madhya Pradesh	5433.54 (6.48)	2543.23 (4.98)	2215.14 (5.49)	10191.91 (5.81)
8	Gujarat	2171.87 (3.50)	1851.5 (4.51)	1886.65 (6.32)	5910.02 (4.45)	8	Rajasthan	2380.44 (2.84)	3291.1 (6.45)	3151.76 (7.81)	8823.3 (5.03)
9	Andhra Pradesh	1312.12 (2.12)	3151.6 (7.67)	1327.07 (4.45)	5790.79 (4.36)	9	Gujarat	2426.52 (2.89)	2727.28 (5.34)	2538.27 (6.29)	7692.07 (4.39)
10	Odisha	3753.86 (6.05)	977.75 (2.38)	704.65 (2.36)	5436.26 (4.09)	10	Odisha	5187.48 (6.18)	1376.17 (2.70)	1037.03 (2.57)	7600.68 (4.34)
	Total	80.32	67.87	65.10	73.06		Total	80.22	65.52	67.89	73.10
	Grand total (Amt Disbursed)	62027.69 (100)	41073.28 (100)	29853.76 (100)	132954.73 (100)		Grand total (Amt Disbursed)	83891.88 (100)	51063.12 (100)	40357.13 (100)	175312.13 (100)

Source: Author's Computation from PMYY-Statewise Performance 2015-16 & 2016-17, Mudra Bank (www.mudra.org.in)

From the table 3, it can be observed that the percentage of credit amount disbursed in top ten states is 73.06 % and 73.10% during the year 2015-16 and 2016-17, respectively. In case of category wise loans, the credit disbursed under Shishu Scheme is 80.32% and 80.22% out of the total credit disbursed during 2015-16 and 2016-17 respectively. Similarly, under Kishore and Tarun Scheme the percentage credit amount disbursed is in the range of 65-68% amongst the top ten states/UTs. Tamil Nadu, Karnataka, Maharashtra, West Bengal and Uttar Pradesh are the top five beneficiary states to which the maximum credit amount is disbursed out of the total in percentages. Thus, it can be clearly inferred that there is high degree of concentration of credit amount disbursement in these states. Even though population wise they are bigger in size, but still the other states are lacking behind in terms of penetration of PMMY scheme of the government for better financial inclusion.

Bankwise Categorization Performance of PMMY

To promote the scheme, the government empowered various categories of banks for disbursement of loans to prospective beneficiaries under PMMY. The performance of various bank categories in terms of credit accounts opened in percentage is computed and presented as below in table 4.

Table 4
Bankwise categorization of No. of Credit accounts Opened (in percentage)

SN	Bank Category	2015-16				2016-17			
		<i>Shishu</i>	<i>Kishore</i>	<i>Tarun</i>	<i>Total</i>	<i>Shishu</i>	<i>Kishore</i>	<i>Tarun</i>	<i>Total</i>
1	NBFC-Micro Finance Institutions	70.84	4.65	0.25	66.08	55.30	4.05	0.24	51.11
2	NON NBFC-Micro Finance Institutions	2.29	0.03	0.00	2.13	3.10	0.00	0.00	2.85
3	SBI and Associates	2.86	12.56	28.01	3.73	2.36	12.81	28.61	3.42
4	Public Sector Commercial Banks	12.60	50.64	43.15	15.21	5.30	48.30	43.50	8.71
5	Private Sector Commercial Banks	8.23	14.47	24.57	8.79	23.07	11.28	18.68	22.22
6	Foreign Banks	0.00	0.01	0.04	0.00	0.00	0.00	0.03	0.00
7	Regional Rural Banks	3.18	17.63	3.98	4.04	2.54	18.75	3.77	3.64
8	Non Banking Financial Companies	0.00	0.00	0.00	0.00	0.53	1.44	1.13	0.60
9	Small Finance Banks	0.00	0.00	0.00	0.00	7.81	3.36	4.03	7.46

Source: Author's Computation from PMYY-Bankwise Performance 2015-16 & 2016-17, Mudra Bank. (www.mudra.org.in)

From the table 4, it is seen that NBFC-Micro Finance institutions played the leading role in terms of percentage of total accounts opened with 66.08% and 51.11% during the year 2015-16 and 2016-17 respectively. The public sector commercial banks was second in terms of opening of credit accounts in the year 2015-16 with 14.47% followed by private sector commercial banks with 8.79% share. But in the year 2016-17, the private sector commercial banks done the significant job and secured second position with

22.22% share in the total percentage of credit accounts opened followed by public sector banks with 8.71% share. If we look schemewise, NBFC-Micro Finance Institutions have opened maximum credit accounts in Shishu Scheme in both the periods, whereas public sectors banks have opened maximum accounts in both Kishore and Tarun category during both the periods, followed by private sector banks during 2015-16 and SBI and Associates during 2016-17 in Kishore category. In Tarun category SBI and Associate banks were on the second position during both the periods. The role of regional rural banks and other category of financial institutions have not contributed significantly during both the periods. Thus, it can be inferred that the NBFC-Micro Finance Institutions are playing significant role in catering to the needs of small business activities, whereas public sector banks, SBI and Associates and private sector banks are significantly catering to the needs of comparative bigger business activities of the informal sector.

The credit amount disbursement of the various categories of banks in percentage of total amount disbursed is also analyzed and is presented below in table 5.

Table 5
Bankwise categorization of Credit Amount Disbursement (in percentage)

SN	Bank Category	2015-16				2016-17			
		Shishu	Kishore	Tarun	Total	Shishu	Kishore	Tarun	Total
1	NBFC-Micro Finance Institutions	69.61	1.87	0.26	33.11	49.60	1.68	0.25	24.28
2	NON NBFC-Micro Finance Institutions	3.01	0.03	0.00	1.41	2.51	0.00	0.00	1.20
3	SBI and Associates	2.22	16.68	29.39	12.79	1.49	17.25	30.54	12.77
4	Public Sector Commercial Banks	10.82	48.03	42.51	29.43	5.23	47.17	43.59	26.28
5	Private Sector Commercial Banks	9.57	17.01	23.78	15.06	29.48	13.93	17.18	22.12
6	Foreign Banks	0.00	0.02	0.04	0.02	0.00	0.01	0.03	0.01
7	Regional Rural Banks	4.77	16.35	4.02	8.18	3.29	13.68	3.69	6.41
8	Non Banking Financial Companies	0.00	0.00	0.00	0.00	0.52	1.89	1.14	1.06
9	Small Finance Banks	0.00	0.00	0.00	0.00	7.88	4.40	3.59	5.88

Source: Author's Computation from PMYY-Bankwise Performance 2015-16 & 2016-17, Mudra Bank. (www.mudra.org.in)

From the table 5, it is seen that out of the total the highest percentage of credit amount disbursed is by NBFC-Micro Finance Institutions in the year 2015-16, followed by public sector banks and private sector banks. In the year 2016-17, public sector banks disbursed highest percentage of credit followed by NBFC-Micro Finance Institutions and private sector banks. In 2015-16 and 2016-17, NBFC-Micro Finance Institutions disbursed highest percentage of Shishu Scheme loans followed by public sector banks in 2015-16 and private sector commercial banks in 2016-17. In Shishu category loans, private sector commercial banks achieved significant performance in 2016-17 in comparison with previous period. But public sector

banks proved to be leading in terms of credit disbursement in Kishore and Tarun loan category in both the periods followed by SBI and Associates and private sector commercial banks. Thus, it can be concluded that the NBFC-Micro Finance Institutions are played significant role credit amount disbursement for small business units, whereas public sector commercial banks played significant role in credit disbursement in Kishore and Tarun category loans followed by SBI and Associates and private sector banks for catering to the needs of bigger business units of the informal sector.

Categorywise Performance of PMMY

There are some 5.77 crore small business units, mostly individual proprietorship, which run small manufacturing, trading or service businesses. 62 per cent of these are owned by SC/ST/OBC. These bottom-of-the-pyramid, hard-working entrepreneurs find it difficult, if not possible, to access formal systems of credit. (Annual Report of Mudra, 2015-16). Thus, the categorywise performance of PMMY is done to evaluate the extent to which the weaker sections of the society, viz., SC/ST/OBC/women entrepreneurs are benefited in terms of number of credit accounts opened (in percentage of total) and the credit amount disbursed (in percentage of total) and is presented below in table 6 and table 7 below:

Table 6
Categorywise No. of Credit accounts Opened (in Percentage)

SN	Category	2015-16				2016-17			
		<i>Shishu</i>	<i>Kishore</i>	<i>Tarun</i>	<i>Total</i>	<i>Shishu</i>	<i>Kishore</i>	<i>Tarun</i>	<i>Total</i>
1	General	45.31	70.47	82.90	47.24	40.65	71.21	86.82	43.33
2	SC	18.37	6.93	4.60	17.53	19.14	5.26	1.88	17.97
3	ST	4.96	3.04	2.19	4.81	4.73	2.25	1.05	4.51
4	OBC	31.36	19.56	10.30	30.41	35.48	21.28	10.25	34.19
5	Total	100	100	100	100	100	100	100	100
	Out of Above								
6	Women Entrepreneurs	57.96	24.14	16.75	56.35	64.63	22.02	11.57	61.59
7	New Entrepreneurs / Accounts	23.70	60.76	65.43	25.44	18.41	55.88	68.32	21.11
8	Minority	8.19	11.32	11.09	8.34	10.87	11.42	10.18	10.89
9	PMJDY OD Account	5.17	0.01	0.00	4.93	3.23	0.00	0.00	3.01
10	Mudra card	0.98	2.36	4.72	1.06	0.33	0.98	2.01	0.39
11	Others (Skill trained persons/NULM/NRLM/ Other govt sponsored prog)	4.00	1.42	2.00	3.89	2.53	9.70	7.92	3.01
	Total	100	100	100	100	100	100	100	100

Source: Author's Computation from PMYY-Overall Performance Report 2015-16 & 2016-17, Mudra Bank. (www.mudra.org.in)

From the table 6, it can be observed that of the total the percentage of credit accounts opened by the weaker section of the society viz., SC/ST/OBC constitutes 52.76 percent in 2015-16 which increased to

56.67 percent in 2016-17. The credit accounts opened by weaker section are more in numbers in Shishu category loans than Kishore and Tarun Scheme during both the periods. The general category people have opted more in Kishore and Tarun category in both the periods. Also, out of the total, the percentage of credit accounts opened in total cases by women entrepreneurs is very high and is 56.35 percent and 61.59 percent in 2015-16 and 2016-17 respectively. Thus, the efforts of the government to fund the unfunded seems to be satisfactory but more efforts are needed so that the weaker section contributes more in Kishore and Tarun category loans.

The table 7 below, shows the categorywise credit amount disbursement to the various sections of the society.

Table 7
Categorywise Credit amount Disbursement (in Percentage of total)

SN	Category	2015-16				2016-17			
		Shishu	Kishore	Tarun	Total	Shishu	Kishore	Tarun	Total
1	General	45.99	73.74	83.57	63.00	41.26	76.64	87.42	62.19
2	SC	17.28	6.53	4.34	11.05	18.80	4.00	1.76	10.57
3	ST	4.81	2.87	1.94	3.57	4.49	1.87	0.96	2.91
4	OBC	31.93	16.87	10.15	22.39	35.45	17.50	9.86	24.33
5	Total	100	100	100	100	100	100	100	100
	Out of Above								
6	Women Entrepreneurs	61.93	23.50	17.49	44.87	66.60	17.86	10.86	43.73
7	New Entrepreneurs / Accounts	25.61	62.29	67.58	41.83	18.54	61.36	70.27	39.11
8	Minority	8.37	11.67	10.88	9.63	11.26	11.00	9.48	10.88
9	PMJDY OD Account	0.33	0.01	0.00	0.19	0.31	0.00	0.00	0.17
10	Mudra card	0.68	1.10	1.94	0.99	0.36	1.11	2.01	0.85
11	Others (Skill trained persons/NULM/NRLM/ Other govt sponsored prog)	3.08	1.43	2.11	2.50	2.93	8.66	7.38	5.26
	Total	100	100	100	100	100	100	100	100

Source: Author's Computation from PMYY-Overall Performance Report 2015-16 & 2016-17, Mudra Bank. (www.mudra.org.in)

As seen in table 7, even though the total credit accounts opened in both the periods by weaker section of the society seem to be high, the percentage of amount disbursed to them is less in comparison with general category in both the periods. The percentage of amount disbursed to general category is 63 percent and 62.19 percent in 2015-16 and 2016-17 respectively. Out of the total amount disbursed, the percentage of amount disbursed to women entrepreneurs is 44.87 percent and 43.73 percent in 2015-16 and 2016-17 respectively. It is observed that the percentage of credit accounts opened by weaker section (SC/ST/OBC/Women Entrepreneurs) is high, but the percentage of credits disbursed to this category is less than the general category. Hence, looking at the percentage of micro enterprises owned by weaker section of

the society, the percentage of amount disbursed to this section seems to be less, indicates that more efforts are needed to encourage the prospective beneficiaries for equitable distribution.

The table 8 below shows the targets and achievement of PMMY during 2015-16 to 2017-18.

Table 8
Targets & Achievements of PMMY

	2015-16	2016-17	2017-18
Target	Rs. 122188 crore	Rs. 180000 crore	Rs 244000 crore
Achievement	Rs 132954.73	Rs. 175312.13 crore	NA
% Achieved	108.81%	97.40%	NA

Source: Author's compilation from Review of Performance of PMMY, 2015-16, Overall Performance Report 2016-17, Mudra Bank.

From the table 8, it can be seen that in the year 2015-16, PMMY exceeded the beyond the target of loan disbursement by achieving 108.81%, but in the year 2016-17, the government is unable to achieve the set target of loan disbursement to the tune of Rs 1.8 lakh crores and achieved 97.40%. But this cannot be treated as the underperformance if we compare this amount with the previous period. The loan amount disbursed during 2016-17 is higher by 31.85% in comparison with the year 2015-16. The target set for 2017-18 seems to be very ambitious with Rs 2.44 lakh crore.

V. EMPIRICAL FINDINGS

The following are the various findings of the study:

- The performance of PMMY is highly encouraging as the number of accounts opened and amount disbursed increased in all the categories of loans in 2016-17 as compared with 2015-16.
- Top ten states contributed 81.14 % and 80.60% of the accounts out of the total accounts opened during 2015-16 and 2016-17, respectively in 36 States/UTs. Similar trend is observed in case of Shishu Schme. The loan accounts opened under Kishore and Tarun Scheme are in the range of 62 – 67 % during 2015-16 and 2016-17 in top Ten State/UTs. Thus, the accounts opened under PMMY seem to be skewed and concentrated towards the few States of India.
- The percentage of credit amount disbursed in top ten states is 73.06 % and 73.10% during the year 2015-16 and 2016-17, respectively. In case of category wise loans, the percentage of credit disbursed under Shishu Scheme is 80.32% and 80.22% out of the total credit disbursed during 2015-16 and 2016-17 respectively in top Ten States/UTs only. Similarly, under Kishore and Tarun Scheme the percentage credit amount disbursed is in the range of 65-68% amongst the top ten states/UTs.
- NBFC-Micro Finance institutions played the leading role in terms of percentage of total accounts opened with 66.08% and 51.11% during the year 2015-16 and 2016-17 respectively. The regional rural banks (RRBs) have contributed poorly in opening credit loan accounts during both the periods.

- The highest percentage of total credit amount disbursed is by NBFC-Micro Finance Institutions in the year 2015-16, followed by public sector banks and private sector banks. In the year 2016-17, public sector banks disbursed highest percentage of credit followed by NBFC-Micro Finance Institutions and private sector banks.
- The total the percentage of credit accounts opened by the weaker section of the society viz., SC/ST/OBC constitutes 52.76 percent in 2015-16 which increased to 56.67 percent in 2016-17. The credit accounts opened by weaker section are more in numbers in Shishu category loans than Kishore and Tarun Scheme during both the periods.
- Even though total credit accounts opened in both the periods by weaker section of the society seem to be high, the percentage of amount disbursed to them is less in comparison with general category in both the periods. The percentage of amount disbursed to general category is 63 percent and 62.19 percent in 2015-16 and 2016-17 respectively.
- Out of the total amount disbursed, the percentage of amount disbursed to women entrepreneurs is 44.87 percent and 43.73 percent in 2015-16 and 2016-17 respectively.
- PMMY exceeded the target of loan disbursement by achieving 108.81% in 2015-16, but in the year 2016-17, the government is unable to achieve the set target of loan disbursement to the tune of Rs 1.8 lakh crores and achieved 97.40%. The loan amount disbursed during 2016-17 is higher by 31.85% in comparison with the year 2015-16.

VI. CONCLUSION

In India, the entrepreneurial activities always remained neglected even after several years of era of globalization. Inappropriate entrepreneurial ecosystem, lack of financial support, large size of informal sector and unavailability of funds are the major factors obstructed the growth potential of India. The formal sector of business enterprises were supported to some extent by the formal financial sector, but informal micro business enterprises always remained starved of funds, and remained excluded from the mainstream of economic activity. Looking at the huge employment potential of informal micro business enterprise, it was the need of an hour to create the startup/entrepreneurial ecosystem which will not only create the conducive business environment but also provide opportunity to convert and bring informal sector participants into formal sector of mainstream economy. The launch of MUDRA and PMMY is the landmark initiative in the financial inclusion landscape for transforming India and it will bring crores of micro entrepreneurs who are lacking access to credit from the formal financial system due to stringent requirements for loans into the ambit of formal financial system. Most of the owners of micro business enterprises in India are the households belonging to marginalized classes and women.

The implementation of the scheme suffers from certain drawbacks as the opening of the credit accounts and disbursement of funds seems to be concentrated amongst the few States. But the most importantly BIMARU States (Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh) with lowest GDP States are in the top ten. Secondly, marginalized population is less benefited than expectations. Thirdly, the risk associated with non-repayment of credit amounts by the borrowers. Irrespective of these drawbacks which can easily be overcome over a period of time, the present initiative will create not only the favourable

entrepreneurial ecosystem for businesses but will help uplift socio-economic standards of the deprived section of the society by creating the multiplier effect in the economy.

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