

Mudra Yojana: A Step towards Creating Growth for Women Entrepreneurs in Micro Enterprises Sector

Dr. Dattatry R Mane,

Professor
Department of Management Science,
University of Pune,
Ganesh Khind Road, Pune

Dr. Kapila Mahindra,

Department of Management Science,
University of Pune,
Ganesh Khind Road, Pune
*Corresponding author

Dr. Sajni Devi,

Assistant Professor,
Deptt. of Psychology, Govt. College,
Dujana (Jhajjar)

Abstract

The entrepreneurial acumen among people of a nation helps it to achieve economic growth and development. However, there should not be any gender disparity while nurturing entrepreneurial ecosystem in the country as “women entrepreneurs have emerged as new drivers for maintaining the growth and prosperity in developing economies”. Although, women constitute “almost half of the population but there remains wide disparity in their economic status particularly in India”. Hence, the Government of India has taken various initiatives for enhancing women participation in the entrepreneurial activities & partnering them in development of the country. Furthermore, Pradhan Mantri Mudra Yojna (PMMY) is considered pivotal in this regard, providing special attention to extend credit to women entrepreneurs. Therefore, this descriptive study is an attempt to observe gender-wise entrepreneurship generated under the aegis of MUDRA scheme in different loan categories on the basis of number of accounts, beneficiaries and amount sanctioned. Further, the study found that the total number of women account beneficiaries increased substantially; however, at a decreasing rate in the given financial years and 70% of the total loan borrowers are women since the inception of the scheme and majority of these accounts are opened under Shishu scheme. Further, the study found that the share of amount sanctioned was higher in FY 2015-16 for women than the men counterparts, which gradually declined in the subsequent financial years.

Keywords: PMMY, MUDRA Yojana, Women, Entrepreneurs, Micro Enterprises, Women Entrepreneurs

Introduction

The entrepreneurial spirit exists in all humans irrespective of gender and economic growth of a country would remain uneven without involvement of women in the entrepreneurial activities, as they constitute almost half the population and the realm of entrepreneurship is not at all confined to any specific gender (Cabrera and MAURICIO, 2017). Further, women entrepreneurs chase their altruistic commitment towards society and they strongly consider their emerging enterprises concepts would contribute to the economic, community development and generate various new job opportunities. Hence, policymakers from time to time, keep formulating and implementing various policies to nurture the enthusiastic spirit of

women entrepreneurs, especially, in the areas where the role of women entrepreneurship has been successful in tapping their growth and income. However, growth of women entrepreneurs is still challenging due to increased pace of poverty, unemployment and their low economic status. Hence, long term planning & more effective growth strategies to promote the women entrepreneurship coupled with basic goal of equal justice and economic empowerment is needed. Further, “women are almost equal in number but there remains wide disparity in their economic status particularly in India”. Therefore, PMMY (Pradhan Mantri Mudra Yojna) has been crafted to provide credit access to “women entrepreneurs” with special attention on micro lending with the twin objective of their financial inclusion & empowerment. As a result, PMMY is being considered instrumental in inclusive financing and fueling growth at bottom of the pyramid by filling the vacuum in the area of women entrepreneurship through diversified channels such as Banks, Small Finance Banks, Non-Banking Finance Companies and Micro Finance Institutions. Therefore, the present study investigate whether PMMY scheme is playing a catalytic role in the growth women entrepreneurs.

Objectives of the Study

To evaluate the role of MUDRA Yojana in women entrepreneurship development.

2.To observe gender-wise comparison, trends in beneficiaries accounts and amount sanctioned year wise.

3.To observe gender-wise comparison in different loan categories year wise.

Review of Literature

Women entrepreneurs are “enterprising individuals looking for opportunities with an uncanny vision, having commercial acumen, tremendous perseverance and above all, a person who is willing to take risks with the unknown because of the adventurous spirit she possesses,” Vinze (1987). Further, they are “considered as 'untapped source' behind the enhancement of the economic condition in the developing countries across the globe” (Minniti and Naudé, 2010) and only a few studies exists related to the women entrepreneurs status of developing economies (Anggadwita et al., 2017 and Ramadani et al., 2015) however, contribution of the women entrepreneurs owing to the “glass ceiling problem in the corporate world, social status, demand of work flexibility, identity in society and nation, self-recognition and prove their presence and position in family” can not be neglected by the policymakers (Ferreira et al., 2017; Sharif, 2015). Furthermore, women entrepreneurship is the path through

which they are willing to “take risks and manage all the factors of production as well as the involvement in innovative and creative activities enabling them to generate employment for others” (Sajid et al., 2016; Agarwal and Lenka, 2016). As women entrepreneurs play role of “leaders, creators, innovators and risk-takers in carrying the various activities of entrepreneurship during their journey from micro to the high level enterprise growth and establish their recognition and self-identity in the society as well as in nation”. Besides, refine their skills in managing “retail business, manufacturing activities, service activities and also promoting and establishing small and medium enterprises” (SMEs). Further, as entrepreneurial culture is thriving in India, MUDRA is extending “huge support to the large number of enthusiastic entrepreneurs by involving them into formal financial system and by extending affordable credits to them as well as making policies and encouraging employees for the better performance of the enterprises” (Appelstrand and Lidestav, 2015). Likewise, MUDRA scheme encourages financial inclusion & considered it valuable “for all the states and also helps to encourage the women entrepreneurs to start up their business by providing funding” (Agarwal M. & Diwedi R, 2017). Similarly, the “performance of the scheme region-wise, state-wise, distt.-wise, agency” studied in terms of targeted and sanctioned amount & found that MUDRA scheme included the “micro-entrepreneurs in the formal banking system, who were not able to get credit for setting up their businesses” (Sandanshive V.R, 2019). Likewise, “positive trend” in total account opening as well as disbursement under MUDRA scheme was observed and found that “not only the new entrepreneurs had taken the benefit but, also it seems to be useful for women entrepreneurs” (Ibrahim P.A, 2018). Further, there are significant number of women are able to get access to the credit, leading women empowerment. Majority of the Shishu loan taken for setting up the business and Kishor and Tarun for expansion of the business under MUDRA scheme & the borrower are found satisfied with this scheme beneficiaries as observed by (Thakur, J., & Shukla, M. P, 2020).

Research Methodology

This descriptive study presents the analysis of secondary data collected from the annual reports of MUDRA agency which are available on its website. Further, the data was analyzed using MS Excel 2010 by calculating percentage share of account opened and amount sanctioned for women and rest others under this scheme in different loan categories from the FY 2015-16 to FY 2018-19.

Background of MUDRA Scheme

PMMY is being implemented from April 08, 2015—the day it was launched. The Hon'ble Prime Minister ceremonially launched the programme by handing over loan amounts to a few borrowers. “Department of Financial Services (DFS), Government of India” has set up 'Mission Mudra' to closely monitor the programme. Periodic video conferencing by DFS officials with banks has helped in timely implementation and monitoring of the programme. While the progress of PMMY is being monitored by MUDRA, NABARD is supporting it by following up with RRBs. Monitoring of MFI progress is being supported by MFIN in respect of NBFC–MFIs—a segment that played a major role in dispensing micro loans and Sa-Dhan with regard to non-NBFC–MFIs. 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 the existing small businesses in expanding their activities. 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, the activities related to agriculture sector had been made eligible under the PMMY and ensured credit access the micro enterprises generating income and engaged in the “manufacturing, services and trading up to Rs.10 lakh”. Further, MUDRA loans have been divided into the three categories on the basis of the current phase of business life-cycle of the loanee's enterprises intending towards the growth, funding and development needs of the recipients:

Shishu category (or infant): “Loans upto Rs.50000”.

Kishore category (or youth): “Loans from Rs.50001 to Rs.500000”.

Tarun category (or young adult): “Loans from Rs.500001 to Rs.1000000”.

In addition, the overdraft amount of Rs.5,000 sanctioned under PMJDY (Pradhan Mantri Jan Dhan Yojana) has been also classified as a Mudra loan. Further, “need based term loans, overdraft limits and composite loan for acquiring the capital asset and or working the capital and marketing related requirements to eligible borrowers are provided under PMMY”. Furthermore, the project cost to the sanction loans is accepted on the basis of a business plan

and proposed investment. Further, Banks, MFIs, NBFCs & other financial intermediaries which are enrolled by MUDRA, periodically, are eligible to extend Mudra loans. Moreover, in order to facilitate hassle free & flexible working capital assistance to the borrowers, MUDRA introduced the MUDRA card—a debit card on RuPay platform which can be operated across the ATMs & 'Point of Sale' (POS) Machines. Therefore, borrowers would be able to manage their credit needs by drawing funds from ATMs or make payments through POS machines, based on the requirement & repay as and when funds are available with them. Further, banks are directed to provide collateral free loans up to Rs.10 lakh extended to units covered under the micro and small enterprises (MSE) sectors & “encourage functionaries at branch level to avail the Credit Guarantee Scheme cover, whenever and wherever desirable”. In this case, a dedicated guaranteed fund 'Credit Guarantee Fund for Micro Units' (CGFMU) was constituted & started its operations.

Analysis and interpretation

The present study is an attempt to assess if PMMY is able to meet its objective of providing credit access with special focus on women entrepreneurs by comparing the account opened, amount sanctioned in different loan categories from gender perspective from FY 2015-16 to FY 2018-19.

Table 6.1: Distribution of MUDRA Loan to beneficiaries from FY 2015-16 to FY 2018-19

(Amount Rs. in Crores)							
Financial Year	Category of Entrepreneur	Total No of A/Cs	Figures in %	Sanctioned Amt	Figures in %	Disbursed Amt	Figures in %
FY 2015-16	Women	27628000	79	82183550	60	63190430	48
	Rest Others	7253000	21	55265720	40	69764300	52
	Total	34881000	100	137449270	100	132954730	100
FY 2016-17	Women	29147000	73	80289680	44	78249780	45
	Rest Others	10554000	27	100238860	56	97062350	55
	Total	39701000	100	180528540	100	175312130	100
FY 2017-18	Women	33558238	70	103254120	41	100170550	41
	Rest Others	14572355	30	150422980	59	146266840	59
	Total	48130593	100	253677100	100	246437390	100
FY 2018-19	Women	37062562	62	133033620	41	129153230	41
	Rest Others	22807756	38	188689170	59	182658150	59
	Total	59870318	100	321722790	100	311811380	100

Source: Researcher's Analysis from MUDRA Annual Reports

The Table No. 6.1 accentuate the comparison of women with rest other beneficiaries with regard to the number of account opened, amount sanctioned and its percent proportion under MUDRA yojna for all the financial years (FY) from its inception. Further, it highlights that out of total 3.488 crore accounts, a whopping 79% i.e. 2.76 crore women accounts were opened in the financial year FY 2015-16 as compared to 21% i.e. 0.725 crore male/rest other beneficiaries. Furthermore, the number of account for women increased every year from 2.91 crore in the FY 2016-17 to 3.35 crore in the FY 2017-18 to 3.70 crore in the FY 2018-19. Although, the number of account opened for the women increased every year, however, at a decreasing rate (73% in the FY 2016-17 to 70% in the FY 2017-18 to 62% in the FY 2018-19). Contrary, number of account opened for male/rest other beneficiaries witnessed gradual increase for the mentioned FY in terms of total number as well as percentage change (from 21% i.e. 0.725 in FY 2015-16 to 38% i.e. 2.28 crore). Further, the amount sanctioned for women was highest 82183.55 crore ~ 60% as compared to male/rest-other with 55265.72 crore~40% in the FY 2015-16. Furthermore, in the FY 2016-17, there is substantial fall in the percentage share of the amount

sanctioned of women i.e. 80289.68 crore~44% than that of previous year. Further, FY 2017-18 and 2018-19 witnessed growth in the amount sanctioned to the women, however, the percentage share stood 41% for both the mentioned FY. Hence, it can be concluded that although the women has high proportion in the account opening, however, same is not the case with sanctioned amount, due to the fact that women are Shishu loan borrowers' (limited to fifty thousand) making it lesser proportion in the sanctioned amount category. Further, Male/rest other have majority of their loan under Kishor or Tarun category making it larger chunk in terms of amount sanctioned. Furthermore, "as on 31 January, more than 22.53 crore loans have been sanctioned since the launch of the scheme. Out of this, more than 15.75 crore loans were extended to women; thereby 70% of the total loan borrowers are Women" (Indus Dictum, 2020). From this analysis, it is concluded that women participation in account opening remained higher from its counterpart and they shared significant proportion in the amount sanctioned as well under PMMY, that indeed justifying the twin objective of women entrepreneurship and empowerment.

Table 6.2: Scheme wise account opened and amount sanctioned under MUDRA to the beneficiaries from FY 2015-16 to FY 2018-19

(Amount Rs. In Crore)

Financial Year	Category	SHISHU (Loans upto Rs. 50,000)		KISHOR (Loans from Rs. 50,001 to Rs. 5.00 Lakh)		TARUN (Loans from Rs. 5.00 Lakh to Rs. 10.00 Lakh)		TOTAL	
		No of A/Cs (%)	Sanctioned Amt (%)	No of A/Cs (%)	Sanctioned Amt (%)	No of A/Cs (%)	Sanctioned Amt (%)	No of A/Cs (%)	Sanctioned Amt (%)
2015-16	Women	-	-	-	-	-	-	27630000 (79)	82183.55 (60)
	Rest Others	-	-	-	-	-	-	7251000 (21)	55265.72 (40)
	Total	-	-	-	-	-	-	34881000 (100)	137449.27 (100)
2016-17	Women	28472000 (78)	66997.91 (79)	625000 (23)	9541.63 (18)	50000 (9)	3750.13 (9)	29147000 (73)	80289.68 (44)
	Rest Others	8026000 (22)	18102.84 (21)	2038000 (77)	44003.51 (82)	490000 (91)	38132.53 (91)	10554000 (27)	100238.87 (56)
	Total	36498000 (100)	85100.75 (100)	2663000 (100)	53545.14 (100)	540000 (100)	41882.66 (100)	39701000 (100)	180528.55 (100)
2017-18	Women	32144132 (75)	80371.59 (76)	1335192 (29)	16586.84 (19)	78914 (10)	6295.7 (10)	33558238 (70)	103254.12 (41)
	Rest Others	10525663 (25)	25630.01 (24)	3318682 (71)	70145.32 (81)	728010 (90)	54647.64 (90)	14572355 (30)	150422.98 (59)
	Total	42669795 (100)	106001.6 (100)	4653874 (100)	86732.16 (100)	806924 (100)	60943.34 (100)	48130593 (100)	253677.1 (100)
2018-19	Women	33403579 (65)	96253.15 (68)	2875392 (44)	26741.23 (26)	783591 (45)	10039.23 (13)	37062562 (62)	133033.62 (41)
	Rest Others	18103859 (35)	46092.1 (32)	3730617 (56)	77645.45 (74)	973280 (55)	64951.63 (87)	22807756 (38)	188689.17 (59)
	Total	51507438 (100)	142345.25 (100)	6606009 (100)	104386.68 (100)	1756871 (100)	74990.86 (100)	59870318 (100)	321722.79 (100)

Source: Researcher's Analysis from MUDRA Annual Reports

The Table No. 6.2 depicts gender wise comparison of number of account opened in different loan categories from FY 2016-17 to FY 2018-19. In the FY 2016-17, most of the accounts were opened for women borrowers in the Shishu category with 78% of the total account opened in this category which is much higher than their male counterpart. Further, it constitute “98% of the total loan accounts that were opened for women beneficiaries in the given year and it is mainly due to the fact that higher share of MFIs in the Shishu loans, whereas, women are the major recipients of micro finance loans. Furthermore, corresponding proportion of the MUDRA loan a/c of women borrowers was slightly higher i.e. 79% during FY the 2015-16”. Further, in the Kishor category, account share of women vs. other is in the ratio of 23:77 for the given FY i.e. dominated by male/rest other and the amount sanctioned is in the ratio of 18:82. Likewise, Tarun scheme women participation is

as low as 9% in both account opening and amount sanctioned. However, in the FY 2018-19, “women borrowers in the Shishu category were 65%, in terms of no. of accounts and 68% in amount sanctioned, mainly due to high percentage of MFIs in the Shishu loans category, whereby women borrowers are the major recipients of micro finance loans”. Further, there was significant rise in the women Kishor account category in the FY 2018-19 with 44% share. Furthermore, in Tarun account category as well, in the FY 2016-17, women constituted only 9% share of accounts and rest other had 91% share, however, there is sudden rise in the women Tarun account category in the FY 2018-19 with 45% share. During FY 2018-19, 41% of the loan amount that is sanctioned was the part of women borrowers in the total loan amount sanctioned. In all, 70% of the loan accounts sanctioned belong to Women Beneficiaries. Hence, it is evident that MUDRA Yojana

“has nurtured many women micro entrepreneurs with its credit offerings who were otherwise outside the ambit of the formal banking system and is addressing the problem of 'funding the unfunded' to a large extent”.

Conclusion and Suggestions

The welfare of a country is not possible without improving women's economic condition and her status. In a country like India, it is not surprising that until 2019, only 10% of start-up founders were women, lagging far behind many centuries, however, there is gradual improvement as government is recognizing women potential and understand the requirement to provide them with a level playing field, with opportunities like the Pradhan Mantri Mudra Yojana (PMMY). This scheme helped women entrepreneurs to get funding who wish to begin or expand their business through “Last Mile Credit Delivery” as it facilitates “hassle free working capital financing”. The budding women entrepreneurs having the potential, however, not the resources, this scheme is considered as a landmark in order to fill the gap and to help them to achieve their goals. Further, there should be skill building and capacity enhancement programme should be developed to train and groom these budding women entrepreneur so that they can expand their small businesses. Furthermore, there is requirement to develop a mechanism for tracking the ground level realities with regard to the fact that the loan borrowed by the women are being used by them only and not by the men in the household who owns the enterprises in order to maintain the spirit of its objective so that in the coming years, MUDRA vis-a-vis PMMY being the most successful initiatives promotes the spirit of entrepreneurship and self-reliance which brings together the prosperity to all the micro enterprises in this nation with special focus on women entrepreneurs.

References

- Agarwal M. & Dwivedi R. (2017). Pradhan Mantri Yojna: A Critical Review. *Parikalpana- KIIT Journal of Management*, Vol.13, Issue 2, pp: 97-106.
- Agarwal, S. and Lenka, U. (2016), “An exploratory study on the development of women entrepreneurs: Indian cases”, *Journal of Research in Marketing and Entrepreneurship*, Vol. 18 No. 2, pp. 232-247.
- Anggadwita, G., Lutarlean, B.S., Ramadani, V. and Ratten, V. (2017), “Socio-cultural environments and emerging economy entrepreneurship: women entrepreneurs in Indonesia”, *Journal of Entrepreneurship in Emerging Economies*, Vol. 9 No. 1, pp. 85-96.
- Appelstrand, M. and Lidestav, G. (2015), “Women entrepreneurship—a shortcut to a more competitive and equal forestry sector?”, *Scandinavian Journal of Forest Research*, Vol. 30 No. 3, pp. 226-234.
- Cabrera, E.M. and Mauricio, D. (2017), “Factors affecting the success of women's entrepreneurship: a review of literature”, *International Journal of Gender and Entrepreneurship*, Vol. 9 No. 1, pp. 31-65.
- Ferreira, J.J.M., Fernandes, C.I., Peris-Ortiz, M. and Ratten, V. (2017), “Female entrepreneurship: a co-citation analysis”, *International Journal of Entrepreneurship and Small Business*, Vol. 31 No. 2, pp. 325-340.
- <https://indusdictum.com/2020/03/03/women-entrepreneurs-most-benefitted-from-standup-india-mudra-schemes-finance-ministry/#:~:text=The%20objective%20of%20this%20scheme,up%20a%20'greenfield'%20enterprise.&text=These%20loans%20are%20classified%20as%20MUDRA%20loans%20under%20PMMY.>
- Ibrahim P.A. (2018). An empirical study on the role of MUDRA Yojana in financing micro enterprises. *Indian Journal of Economics and Development*, Vol.6, Issue 10, pp: 1-11.
- Ramadani, V., Hisrich, R.D. and Gërguri-Rashiti, S. (2015), “Female entrepreneurs in transition economies: insights from Albania, Macedonia and Kosovo”, *World Review of Entrepreneurship, Management and Sustainable Development*, Vol. 11 No. 4, pp. 391-413.
- Sajid, M., Ansari, D.A. and Siddiqui, M.N. (2016), “Women entrepreneurship: the dynamic need of modern India”, *An International Journal of Research & Innovation*, Vol. 3 No. 2, pp. 27-31.
- Sandanshive V.R. (2019). An Analysis of Financial Performances of MUDRA Yojana. *International Journal of Management, Technology and Engineering*, Vol.9, Issue 1, pp: 1203-1210, ISSN(O): 2249-7455.
- Sharif, M.Y. (2015), “Glass ceiling, the prime driver of women entrepreneurship in Malaysia: a phenomenological study of women lawyers”, *Procedia-Social and Behavioral Sciences*, Vol. 169, pp. 329-336.
- Thakur, J., & Shukla, M. P. (2020). “A Study On Socio-Economic Impact Of Pradhan Mantri Mudra Yojna On Micro Enterprises In Navi Mumbai”. *Studies In Indian Place Names*, 40(4), 121-133.