



MUDRA: An Emerging Financing Preference for Women Entrepreneurs (An Evidence from the Non-Corporate Small Business Sector)

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Abstract:

Women entrepreneurship has been identified as an important source of economic growth because it can make a particularly strong contribution to the economic well-being of the family and society, poverty reduction and also in empowerment of the women. Almost half of the population are females and to make effective use of this population, the government should focus on the women entrepreneurship. Women entrepreneurs generally face some barriers in setting up a business, like lack of access to formal finance mechanism and access to information and networks, etc. The major problem is limited access to formal finance. Many scheme have been launched by government time to time to provide access to formal finance. MUDRA scheme was launched under Pradhan Mantri Mudra Yojna. In comparison to other scheme women entrepreneurs prefer MUDRA as a financing source because of its uniqueness. This paper is an attempt is to check that how many women avail the benefits, how much amount have been disbursed and what is the share of women entrepreneurs in overall performance of MUDRA. Findings of the study reveal that all the partner institutions of MUDRA have actively participated in the financing of women.

Keywords: PMMY, MUDRA, NCSBS, MFIs, Shishu, Kishore, Tarun, etc.

Introduction:

After agriculture, micro enterprises provide large employment in our country. These micro enterprises comprise units which are mostly own account enterprises or proprietary ownership and overall this sector is termed as non-corporate small business sector (NCSBS). This sector includes small manufacturing units, shopkeepers, tailoring shops, food-service units, small industries, artisans, food processors, etc. A large number of women community engaged in this sector.

There are various schemes have been launched by government time to time to encourage entrepreneurship among women. For example, Bhartiya Mahila Bank business loan, Stand up India: subsidy scheme for women, Mahila Udyam Nidhi, etc. These schemes are also running successfully. After the initiatives of government some banks also introduced their scheme especially for women entrepreneurs. But the effectiveness and popularity of MUDRA is very high as comparison to other schemes.

MUDRA:

Micro Units Development and Refinance Agency (MUDRA) was first ideated in budget of 2015-16. Government of India launched the scheme on April 8, 2015. The initial corpus of MUDRA is 20,000 cr. and credit guarantee corpus of 3,000 cr. MUDRA will provide credit from 50,000 to 10 lakhs.

MUDRA does not provide lending facilities directly to the entrepreneurs/individuals. It is a refinancing institution and it's extend their services with existing banking structure. You can avail the loan facility under MUDRA from a bank, NBFC, MFIs, etc. There are no agents/middleman engaged by MUDRA for availing of Mudra loans. Now with the help of mudramitra portal (www.mudramitra.in) an individual can also file online application for MUDRA loan.

Based on the business life cycle that the business is in, MUDRA loans are classified into three categories. These categories also signify the growth and funding requirements of the borrowers.

<u>Category</u>	<u>Amount</u>
Shishu	Up to Rs. 50000
Kishore	50000 - 5 lakhs
Tarun	5 - 10 lakhs

Mahila Uddayami Scheme:

This scheme is especially for women entrepreneurs. Under this scheme timely and adequate financial assistance has been provided to the financing institutions which is lending to women/ group of women/ Joint Liability Groups/ Self Help Groups. To avail this scheme beneficiaries should create qualifying assets as per the guidelines of RBI towards setting up or running micro enterprises as per MSMED Act.

Women entrepreneur of non-corporate sector can apply for a loan if she have a business plan for non-farm income generating activities. These activities include manufacturing, processing, trading or service sector. In order to encourage women entrepreneurs, the participating institutions are extending additional facilities, such as interest reduction on their loan. MUDRA extends a reduction of 25bps in its interest rates for financial institutions which are providing loans to women entrepreneurs.

Literature Review:

Venkatesh (2015) concluded that PMMY scheme will positively affect the progress of the economy as a whole. This scheme also contribute to the well-being of individuals engaged in small scale industries. **Avani (2016)** assumed that creation of an institution like MUDRA will surely benefit self-employed individuals engaged in small manufacturing units whose financing requirements is up to 10 lakhs in rural and urban areas. **Vijayragawan (2015)** stated that MUDRA Bank can be a game changer in giving birth to a new set of entrepreneurs. With this initiative young-educated and skilled-workers can also boost up their confidence and become the first generation entrepreneurs. **Kumar (2015)** suggested that the MUDRA bank can be different from existing system if it will be more relationship based and not just rule based. It should deal with cash flow lending rather than asset based lending. **Verma (2015)** observed that the design of MUDRA will not only cater to the financial obstacles of MSMEs but also provide some moral support to young people so that they can fulfill their dreams of becoming an entrepreneur. He also added that like the National Housing Bank, MUDRA should be true to its role as a development agency.

Sridevi and Manikanta (2015) described PMMY as a game changing idea with an indigenously conceived architecture which is especially designed for Indian context and it will be contributed in entrepreneurship development, employment generation and GDP growth. **Venkatachalam and Simon (2015)** depicted that the main role of MUDRA is to create a relationship between creative people and successful clients. **Gupta (2015)** stated that MUDRA bank is still in its early stage and it is hoped that it will contribute for mass entrepreneurship program and employment generation. **Mohapatra (2016)** stated that MUDRA has already set the tempo for the growth of small business sector in general and own account enterprises in particular. With the help of such initiatives micro and small business financing will be made available to the unfunded.

In India, the average debt of micro and small enterprise is around Rs. 17,000. If lending is increased 5-10 lakh, then this sector would benefit immensely and may generate lot of self-employment opportunities (**Venkatesh 2015**).

So, there are many studies have been conducted in this field. But there is no study which shows that at which extent women entrepreneurs avail the benefits and assistance under MUDRA. This study is an attempt to fill that research gap with the following objectives:

- To find out total number of accounts opened by MUDRA under different categories.
- To find out the total amount which have been disbursed by MUDRA under different categories.
- To find out the shares of women entrepreneurs in overall performance of the MUDRA.

To achieve these objectives, secondary data has been used in this study. Data has been taken from the official website of MUDRA (www.mudra.org). Tables and percentage method has been used to find out the contribution of MUDRA in financing of women. Relevant information is gathered from various websites, journals and articles.

Data Analysis:

The following tables are shown the performance of PMMY on the yearly basis from 2015-16 to 2019-20. These tables contains information regarding total number of beneficiaries under three category of MUDRA. Shares of women entrepreneurs are also calculated from total number of accounts and total amount disbursed.

Table: 1 MUDRA and its beneficiaries (2015-16)

Category	No. of Accounts (in lakhs)	Amount disbursed (in crores)
Shishu	324.02	62,028
Kishore	20.69	41,073
Tarun	4.10	29,854
Total	348.81	1,32,955
<i>Out of the above</i>		
Women entrepreneurs	276.28 (79%)	63,189.8 (47%)

(Annual Report of MUDRA 2015-16)

Table: 2 MUDRA and its beneficiaries (2016-17)

Category	No. of Accounts (in lakhs)	Amount disbursed (in crores)
Shishu	364.98	83,892
Kishore	26.63	51063
Tarun	5.40	40357
Total	397.01	175312
<i>Out of the above</i>		
Women entrepreneurs	291.47 (73%)	78250 (47%)

(Annual Report of MUDRA 2016-17)

Table: 3 MUDRA and its beneficiaries (2017-18)

Category	No. of Accounts (in lakhs)	Amount disbursed (in crores)
Shishu	426.70	104228
Kishore	46.54	83197
Tarun	8.06	59102
Total	481.30	246527
<i>Out of the above</i>		
Women entrepreneurs	335.58 (70%)	100171 (41%)

(Annual Report of MUDRA 2017-18)

Table: 4 MUDRA and its beneficiaries (2018-19)

Category	No. of Accounts (in lakhs)	Amount disbursed (in crores)
Shishu	515.07	139651.55
Kishore	66.06	99868
Tarun	17.57	72291.84
Total	598.7	311811.39
<i>Out of the above</i>		
Women entrepreneurs	370.63 (62%)	129153.23 (41%)

(Annual Report of MUDRA 2018-19)

Table: 5 MUDRA and its beneficiaries (2019-20)

Category	No. of Accounts (in lakhs)	Amount disbursed (in crores)
Shishu	544.91	162813.21
Kishore	64.72	9142.07
Tarun	12.85	75474.75
Total	622.48	329715.03
<i>Out of the above</i>		
Women entrepreneurs	391.03 (63%)	142846.22 (43%)

(Annual Report of MUDRA 2019-20)

For the purpose of data analysis and interpretation a cumulative statement for the time period (2015-20) is also prepared. This table is prepared on the basis of above tables which contains year wise data.

Table: 6 MUDRA and its beneficiaries (2015-20)

Category	No. of Accounts (in lakhs)	Amount disbursed (in crores)
Shishu	2216.85	552612.76
Kishore	224.65	366628.07

Tarun	47.98	277079.59
Total	2489.48	1196320.42
<i>Out of the above</i>		
Women entrepreneurs	1664.99 (67%)	513610.25 (43%)

Under PMMY loan has been provided under 3 category Shishu, Kishore and Tarun. If we analysed the table data we find out that out of the total beneficiaries 89% are comes under the Shishu category, 9% under Kishore and 2% lies under Tarun category. To achieve the objectives of the study we further analysed the data and find out that:

- Total 24.89 crore accounts has been opened under different categories of MUDRA. Out of this 16.65 crore accounts belong to women entrepreneurs.
- An amount of 11.96 lakh crore has been disbursed under different categories of MUDRA. Out of this amount 51.36 lakh crore goes for the financing of women entrepreneurs.
- The data indicates that 16.65 crore women are funded out of the total number of 24.89 crore accounts, which is a whopping 67%. Out of total amount disbursed during the time period 2015-20 (43%) amount goes to financing of women.

Conclusion:

Non-corporate small business sector has significant importance in the employment generation and a large number of women community engaged in this sector. Before the establishment of MUDRA this sector financed their operation through informal sources. With the initiative of MUDRA, the hidden/unused talent of women is utilised and it will set a platform for women to use their skills and knowledge to start a business and become a successful entrepreneur. Other scheme were also introduced by the Government to boost up women entrepreneurship but the performance of MUDRA is superior in this regard. The contributions show that women entrepreneurs adopt MUDRA as a major source of financing to finance their businesses. Every institution is actively participated in financing of women. MFIs are the leading institutions which show superior performance in this regard. Finally we can concluded that in non-corporate small business sector MUDRA becomes the major financing preference for women entrepreneur and substantially contributed for women entrepreneurship. MUDRA should implement their policy properly to provide assistance to the women of weaker section of the society. If assistance is available to the weaker section of the society, then life style and economic condition of this society can be positively affected. For the success in long run, MUDRA must ensure that amount given as loan should be invested in certain business so that recovery process becomes easy.

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