



## A study on the performance of mudra in Tamil Nadu

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### Abstract

Micro Units Development and Refinance Agency (MUDRA) is a financial institution developed with the aim of providing financial assistance to the small business enterprises through the last mile agents. This study is an attempt to understand the product offerings of MUDRA and also to analyse the performance of MUDRA in Tamil Nadu.

**Keywords:** finance, MUDRA, MSME, SIDBI

### 1. Introduction

Micro Units Development and Refinance Agency (MUDRA) is a public sector financial institution in India. It provides loans at low rates to micro-finance institutions and non-banking financial institutions which then provide credit to MSMEs – Micro Small & Medium Enterprises. It was announced by the honourable Finance Minister while presenting the union budget for financial year 2015-16. It was launched by Prime Minister Shri Narendra Modi on 8 April 2015. The MUDRA banks were set up under the Pradhan Mantri MUDRA Yojana scheme. It provides services to small entrepreneurs outside the service area of regular banks, by using the last mile agents.

#### 1.1 Statement of the Problem

Micro, Small and Medium Enterprises are facing many financial problems. They are struggling to expand their business due to financial deficit. To encourage them financially and also to mobilise their savings, a scheme called MUDRA was introduced by our Indian government mainly for the purpose of lending loans to micro and small enterprises. MUDRA at present acts as a subsidiary of SIDBI. By this study an attempt was made to analyse the performance of MUDRA.

#### 1.2 Objectives of the Study

- To understand the practice of MUDRA.
- To analyse the performance of MUDRA BANK in the state of Tamil Nadu.

#### 1.3 Scope of the Study

This study focuses on the various areas of Pradhan Mantri Mudra Yojana (PMMY) like different categories of mudra loan, performance of MUDRA in Tamil Nadu, state, financial institutions involved in MUDRA etc.

#### 1.4 Research Methodology

This is the descriptive nature of study about the Micro Units Development and Refinance Agency.

#### 1.5 Data Collection

The study is based on the secondary data. The required information is collected from the official website of MUDRA. Data from other official websites, journals, articles, newspapers, magazines etc are also collected.

#### 1.6 Limitations of the Study

- All the areas of MUDRA was not analysed due to lack of time.
- The data collection is limited to two years as the scheme is newly launched in the year 2015.

### 2. Review of Literature

SEEMA (2015): This paper reveals that, MUDRA: Micro Units Development & Refinance Agency is established to attain development in an inclusive and sustainable manner by supporting and promoting partner institutions and creating an ecosystem of growth for micro enterprises sector. This research paper highlights the offerings like Micro Credit Schemes (MCS), refinancing to RRBs/Cooperative banks and impact of MUDRA to Indian economy

SHENTI KUMAR (2017): The major traffic jam to the growth of entrepreneurs in the Non-Corporate Small scale industries is the lack of financial support to this sector. Majority of this sector does not have access to formal source of funding. In a Developing country having large population like India, small business units play a significant role not only in contributing to nation income but also by providing employment to a large no of people. After identifying the significance of self-employment people and small business units, government of India launched MUDRA Yojana to deal with the financial and other constraints. MUDRA Bank will associate with local coordinators and provide finance to "Last Mile Financiers" of small/micro businesses. This paper is an attempt to know about the MUDRA Yojana and its key objectives.

### 3. Mudra-Overview

#### Different Categories of Mudra Bank Loan

According to the growth stage and requirement of finance,

Mudra loan is provided under three heads in Pradhan Mantri MUDRA Yojana. The three schemes are as follows:

- **Shishu:** Loan of up to Rs.50,000. This category is only for startups, those businesses that have been just started and looking for seed funding.
- **Kishore:** Loans of above Rs.50,000 to Rs.5 lakhs This category is for those who started the business but yet not established fully.
- **Tarun:** Loans of above Rs.5 lakhs to Rs.10 lakhs. Every small business that has been initiated and established and require funding to grow their business will fall in this category.

#### Mudra and Small Business Finance

MUDRA is launched with a purpose to make better the small business in the country so that a large number of people can get employed and self-employed and to add in the GDP of the country. MUDRA would benefit small manufacturing units, fruits and vegetable sellers, shopkeepers, beauty parlours, hair salon, truck operators, hawkers, artisans in rural and urban areas with financing requirements maximum of 10 lakh depends upon the business categories (i.e Kishore, Shishu and Tarun) of the entrepreneur. For getting loan under MUDRA Yojana entrepreneurs or business units have to contact their nearest private banks, public or RRBs or other authorized Micro Finance Institutions/ Non-Banking Financial Companies with their business plan. After sanctioned the loan from MUDRA Yojana, Entrepreneurs/Business units will get a MUDRA Card like credit card which can be used for purchasing industry raw materials etc.

#### 4. Data Analysis and Interpretation Performance of Mudra in Tamil Nadu

Table 1

Categories / Year	Shishu		Kishore		Tarun		Total	
	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
Accounts sanctioned (in numbers)	4506237	5000285	234824	275564	40506	34008	4781567	5309857
Amount disbursed (in crores)	8231.68	10897.54	4282.07	4258.53	2983.11	2600.32	15496.86	17756.39

#### Interpretation

In Tamil Nadu during the year 2015-16 4506237 accounts were sanctioned which was increased to 5000285 accounts during 2016-17 under Shishu. The disbursement amount has also increased from Rs.8231.68 crores to 10897.54 crores during 2015-16 and 2016-17 respectively. Whereas under Kishore the number of sanctioned loan accounts were increased from 234824 to 275564 accounts during 2016-17 but the disbursed amount did not shows much differences. Under Tarun sanctioned loan accounts were decreased from 40506 to 34008 during 2015-16 and 2016-17 respectively. The disbursed amount also decreased from Rs.2983.11 crores to Rs.2600.32 crores. In total under all schemes sanctioned loan accounts and amount disbursed has been increased from 2015-16 and 2016-17 which is from 4781567 accounts during 2015-16 to 5309857 accounts during 2016-17 respectively. The disbursed loan amount has been increased from Rs.15496.86 crores during 2015-16 to Rs.17756.39 crores during 2016-17

respectively.

#### 5. Findings, Suggestions and Conclusion

##### 5.1 Findings

In state wise comparison, during the year 2015-16, Tamil Nadu sanctioned more number of loan accounts which is 4781567 accounts but Tamil Nadu disbursed second largest loan amount of Rs.15496.86 crores. During the year 2016-17, Tamil Nadu sanctioned and disbursed largest loan accounts which are 5309857 accounts with Rs.17756.39 crores which is more than the previous year.

##### 5.2 Suggestions

During 2015-16 Tamil Nadu has sanctioned with more loan accounts but disbursed fewer amounts comparatively, which states that in Tamil Nadu more people have been benefited but with lesser amount which in turn can be increased to improve the business size and standard and also to encourage the

account holders or beneficiaries financially.

## **6. Conclusion**

MUDRA Yojana is the most recent scheme to boost up the small and micro business units in India. This scheme has been taken to focus exclusively on entrepreneurs. This type of scheme will add to the well-being of the individuals engaged in small scale industries which will positively shape the progress of the economy as a whole. MUDRA as a financial tool is found very effective in its early stages across the country. This will definitely make a dramatic change and will help in making a developed India.

## **7. Reference**

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