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RESEARCH NOTE

Entrepreneurship Development – A Case Study of PMMY

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ABSTRACT

Entrepreneurs who are running MSMEs (Micro, Small and Medium Enterprises) comprising millions of partnership or proprietorship firms running as small manufacturing units, vegetable or fruit vendors, shopkeepers, repair shops, food-service units, truck operators, small industries, machine operators, food processors, artisans as well as other; in rural and urban areas whose financing requirements are less than Rs.10 Lakh. Lack of financial assistance for this sector is the main obstacle to the expansion of entrepreneurship in MSMEs. Less than 15% of bank credit is given to MSMEs, indicating that the banks are providing this sector with little assistance (MSMEs). The majority of this industry does not use outside financing sources. A legislative law was used by the GoI (Government of India) to establish the MUDRA (Micro Units Development & Refinance Agency) Bank. The refinancing and development of all microfinance institutions (MFIs) that lend to small and micro business entities involved in manufacturing, commerce, and service activities is the responsibility of this agency. These activities enable the emergence of entrepreneurship. In order to shed light on the MUDRA of the Indian government, the current study covers its introduction, goals, mission, vision, duties, products, benefits, and significant data of PMMY (Pradhan Mantri MUDRA Yojana).

Key words: PMMY, MUDRA, MSMEs, Entrepreneurs, MFIs.

Lack of funding for this sector is the main barrier to the development of entrepreneurship in the NCSBS. Less than 15% of bank credit is given to MSMEs, indicating that the banks are providing this sector with little assistance (MSMEs). The non-corporate sector comprises a significant portion of unregistered businesses. They do not technically fall within the purview of taxes and do not keep regular Books of Accounts. As a result, it's challenging for the banks to lend to them. The majority of this industry does not use outside financing sources. A legislative law was used by the GoI to create the MUDRA Bank. All Micro-finance Institutions (MFIs) that lend to micro- and small business organizations involved in trade, manufacturing, as well as service activities must be developed and refinanced by this agency. The bank uses coordinators at the state and regional levels to give funds to last-mile financiers of small and micro businesses. In order to take use of SIDBI's efforts and skills, the GoI now operates SIDBI as a MUDRA entity. **Objectives of MUDRA :** 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.”

Vision : “To be an integrated financial and support services provider par excellence benchmarked with global best practices and standards for the bottom of the pyramid universe for their comprehensive economic and social development.”

Mission : “To create an inclusive, sustainable and value-based entrepreneurial culture, in collaboration with our partner institution in achieving economic success and financial security.”

Responsibilities of Mudra :

MUDRA's main responsibilities would be: Establishing policy standards for the micro-enterprise finance industry

- Registration of MFI entities
- Supervision of MFI entities
- Accreditation /rating of MFI entities
- Establishing good financial standards to prevent over-borrowing and guarantee effective client protection principles and recovery strategies
- Creation of a uniform set of conditions regulating last-

mile financing to small businesses

- Promoting appropriate technologies for the last mile
- Creating and managing a credit guarantee program to provide insurance on loans or portfolios made to micro businesses
- Supporting development & promotional activities in the sector
- Constructing a solid Last Mile Credit Delivery architecture for microbusinesses in accordance with the Pradhan Mantri MUDRA Yojana program

Products / offerings of Mudra :The Pradhan Mantri MUDRA Yojana is the overall program under which MUDRA has already developed its first products and programs. The interventions are referred to as "Shishu," "Kishor," and "Tarun" to denote the beneficiary micro unit or entrepreneur's stage of development or growth and funding needs as well as to serve as a reference point for the following stage of growth or graduation in anticipation of the 3 main steps of PM Mudra Bank Yojana:

Kind of loans offered by MUDRA

Type of Scheme	Maximum Amount
Shishu	Rs.50 Thousand
Kishor	Rs 5 Lakhs
Tarun	Rs. 10 Lakhs

Shishu category units would get at least 60% of the credit, with Kishor and Tarun Categories receiving the remaining 40%. The products that MUDRA is currently offering at the rollout stage have been developed to meet the needs of various business/entrepreneur segments as well as sectors/business activities, all within the framework and complete objective of growth and development of Kishor, Tarun, and Shishu units. Brief particulars are as under:

- Micro credit scheme (MCS)
- Sector/activity-specific schemes
- Scheduled co-operative banks/RRBs (Refinance Scheme for Regional Rural Banks)
- Mahila uddyami scheme
- Business loan for traders & shopkeepers
- Equipment finance for micro units
- Missing middle credit scheme

The following are the main features of the new goods and schemes that MUDRA is now developing and offering:

- Micro credit scheme
- Sector/activity focused schemes
- Refinance scheme for RRBs / Co-operative Banks
- Missing Middle Credit Scheme
- Mahila uddyami scheme

- Business loans for Traders and Shopkeepers
- Equipment finance scheme for micro units

Innovative offerings

Advantages of MUDRA

- MUDRA architecture indigenously conceived for the Indian context
- Apex refinancer
- Help expand access to finance for micro-enterprises
- Inclusion of last mile financiers - a game-changing idea
- Credit Plus Approach
- Lower cost of finance
- Employment generation, higher GDP growth
- Mass Entrepreneurship Development and Growth

Availing loan under Pradhan Mantri Mudra Yojana (PMMY) :

Mudra loan: According to the Ministry of Finance, Department of Financial Services, Government of India's letter No. 27/01/2015-CP/RRB dated 14th May, 2015, loans provided by all Regional Rural Banks, Public Sector Banks, Urban Co-operative Banks, along with State Cooperative Banks to non-farm income generating enterprises in trading, manufacturing, and services whose credit needs are below Rs. 10 lakhs will be referred as MUDRA loans under the PMMY scheme. All of these loans are eligible for coverage under MUDRA's refinancing and/or credit improvement programs.

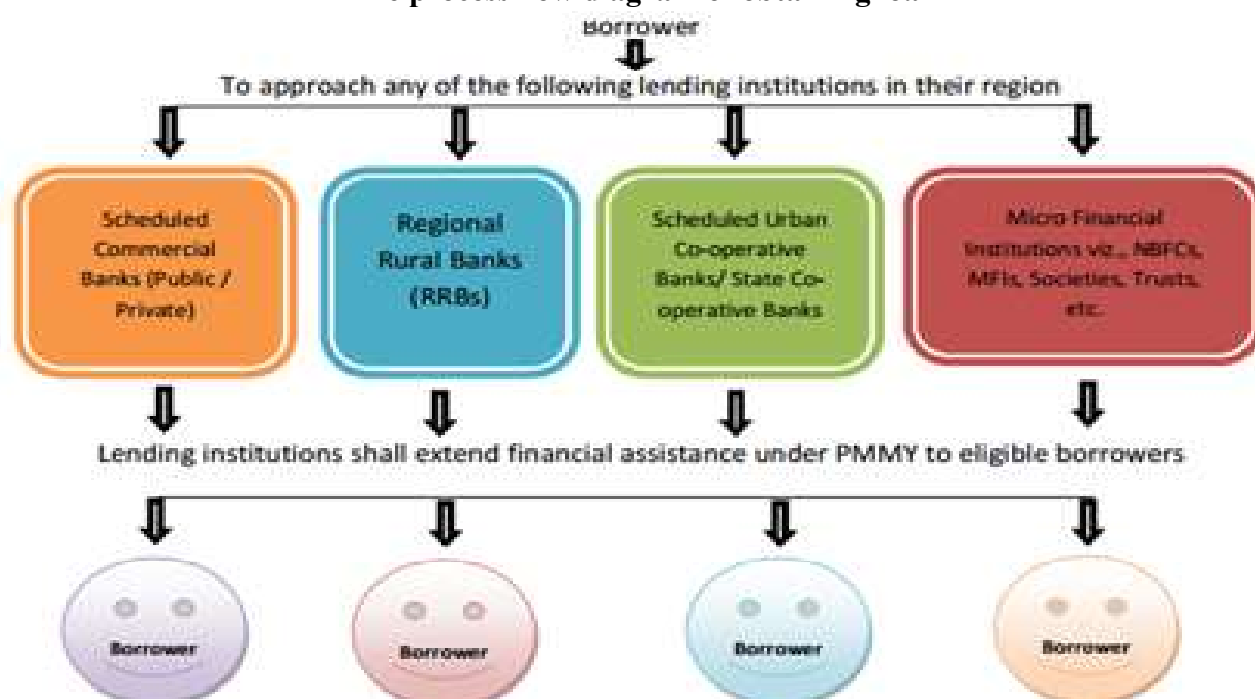
Along with these Banks, MFIs & NBFCs operating all over the nation may also issue a credit to this sector, for which they may be eligible for financial support from MUDRA Ltd., provided that they meet the established eligibility requirements. The eligibility requirements for institutions using MUDRA's refinance/financial assistance have been completed and are available on the MUDRA website.

To whom borrower needs to approach: Borrowers who want to apply for help under the PMMY can contact the nearby branch of one of the organizations mentioned above in their area. Support must be sanctioned in accordance with the lending institution's specific qualifying requirements.

Statistics of MUDRA : Since 08.04.2015, when PMMY (Pradhan Mantri MUDRA Yojana) is launched, it has played a good role. Because within six months of time, 57,43,527 accounts have opened, of which 47,71,734 are *Shishu* kind, 8,34,783 are *Kishore* kind, and 1,37,010 are *Tarun* kind.

Out of a total of 57,43,527 accounts, 5,89,904 are opened in SBI and Its associates' banks, 28,13,222 are

The process flow diagram of obtaining loan



opened in public sector commercial banks, 15,78,362 are opened in private sector commercial banks, 261 in foreign banks, and finally, 7,61,778 are opened in regional rural Bank.

Within a short span of time, PMMY has disbursed Rs. 32,555.24 Crores of a loan through the various banks and NBFCs. Out of Rs. 32,555.24 crores, Rs. 7,212.47 crore to Shishu, Rs. Rs.15,843.91 Crores to Kishore and the remaining Rs.9,498.86 crores to Tarun disbursed.

Out of 32,555.24 crores, SBI and its Associate Banks issued Rs. 3,080.58 Crores, Public Sector Commercial Banks issued Rs.16,334.58 crores, private sector commercial banks issued Rs. 8,054.39 crores, foreign banks issued Rs. 10.9 crores and the remaining of Rs.5,074.79 crores is issued by Regional Rural Banks.

CONCLUSION

As the statistics of Pradhan Mantri Micro Units Development & Refinance Agency Yojana reveals that within the span of six months duration, it has gained 47,71,734 accounts with a loan disbursement of Rs. 32,555.24 crores. It clearly shows that the PMMY has

been implemented successfully. By which the unfunded will be funded, i.e., the MSMEs who are unable to obtain funds from banks at a low rate of interest is now got the wonderful opportunity to obtain a loan and run their MSMEs successfully. And primarily, the PMMY has set the goal that 60% of the total loan is to be disbursed to “*Shishu*” units, i.e., which are started by new entrepreneurs. It clearly depicts that PMMY is not only developing existing entrepreneurs but also providing entrepreneurial opportunities to the youths of India. If this *Yojana* is implemented successfully in the future also definitely its contribution to the Indian economy will be great.

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