

# Mudra (shishu) - an effective scheme in startups

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## Abstract

Economic Development of a country depends upon the individual development; Creation of more Employment opportunities is the right way to strengthen our Economy. By way of strengthening Small scale units, ultimately more people will get Employment. More over Small scale Industries required less amount of Capital. These are the main reasons to start the scheme MUDRA. The scheme MUDRA was launched in the year 2015 by Government of India. In India most of the people are depending upon small scale businesses as their source of livelihood. Most of the individuals depend on un-organised sectors for loans and other credit facilities which have high rate of interest along with unbearable terms and conditions. Ultimately it will lead these poor people to fall in debts. This paper is an attempt to educate the readers about MUDRA Yojana.

## 1. INTRODUCTION

Economic Development of a country depends upon the individual development; Creation of more Employment opportunities is the right way to strengthen our Economy. By way of strengthening Small scale units, ultimately more people will get Employment. More over Small scale Industries required less amount of Capital. These are the main reasons to start the scheme MUDRA [1-3]. The scheme MUDRA was launched in the year 2015 by Government of India. In India most of the people are depending upon small scale businesses as their source of livelihood. Most of the individuals depend on un-organized sectors for loans and other credit facilities which have high rate of interest along with unbearable terms and conditions. Ultimately it will lead these poor people to fall in debts. This paper is an attempt to educate the readers about MUDRA Yojana.

### 1.2. DIFFERENT CATEGORIES IN PMMY

**Shishu** category – As the name suggests, this category is for startups. All those businesses that have been just started and looking for loan will fall in this category. A Loan cover of Rs.50,000 will be given to all micro units falling in this category. Rate of Interest is in the range of 11 to 12% pa. Repayment period is 5 years.

**Kishore** Category – this one is for those who have started their business but it has been established yet. A loan cover from Rs.50, 000 to 5 lakhs will be given to units falling into this category. Rate of Interest in Kishore category is in the range 14 to 17% pa. Repayment period is based on the discretion of the bank.

**Tarun** Category – all small business which have been set up and established will fall into this category. There may be some financial requirements for the betterment of business. That's why all small business or units falling into this category will be eligible for a loan cover of up to Rs.10 Lakh. Rate of Interest in the Tarun category is 16% pa. Repayment period is based on the discretion of the bank.

### 1.3. OBJECTIVES

The objectives of the study are

1. To enhance the awareness level of Mudra among the readers.
2. To examine the progress of Mudra scheme in leading states of South India.
3. To analyze the pattern and amount of loans advanced in Tamil Nadu

#### 1.4. METHODOLOGY

The type of the study is Case Study method. It is about MUDRA scheme in important states of South India. The data have been collected from secondary sources like books, journals, magazines, websites and reports of Mudra bank. Simple percentage method is followed to analyse the data.

#### 1.5. DATA ANALYSIS AND INTERPRETATION

In the following tables the performance of Mudra Scheme – Category wise (Three categories namely, Shishu, Kishore and Tarun ) in selected states of South India namely Andhra Pradesh, Karnataka, Kerala, Tamilnadu, Telungana and Puducherry is given. The Mudra scheme is given in two different elements called Number of Loan Accounts and Amount Disbursed in the last two financial years 2015-16, 2016-17.

#### 2. MUDRA SCHEME (SHISHU)

Amount. (in crores)							
S.no	State Name	SHISHU					
		2015-16			2016-17		
		No. of Loans	%	Disbursement Amt	No. of Loans	%	Disbursement Amt
1	Andrapradesh	612312	6.32	1312.12	366322	4.20	964.68
2	Karnataka	4153714	43.69	9071.71	3546071	35.53	8166.92
3	Kerala	707492	6.81	1414.08	775022	7.76	1782.74
4	Tamil Nadu	4506237	39.64	8231.68	500285	47.42	10897.54
5	Telungana	286985	2.83	588.37	379247	3.77	867.42
6	Puducherry	74516	0.70	145.52	121567	1.32	303.97
	<b>TOTAL</b>	<b>10341256</b>	<b>100.00</b>	<b>20763.48</b>	<b>5688514</b>	<b>100.00</b>	<b>22983.27</b>

The number of Loan in the state Karnataka is higher (3546071) than other states in the year 2016-17, the State Tamilnadu comes in the first position (4506237) in the year 2015-16 followed by the state Karnataka. In the state Kerala even the number of loan (775022) is higher but the disbursement (7.76%) is lower, hence it is noted that their Utilization level is not satisfactory. The state Pudhucherry comparatively low because it's geographical area as well as the population is also low.

The amount of loan (Shishu) was disbursed highly in the State Tamilnadu, then the state Karnataka in both financial years. The performance of other states is highly deviated while comparing these two leading states.

Hence it is concluded that the States Tamilnadu and Karnataka are utilized the MUDRA scheme (Shishu) very effectively.

## 2.1 MUDRA SCHEME (KISHORE)

Amount Rs.in crores							
S.no	State Name	Kishore					
		2015-16			2016-17		
		No. of A/Cs	%	Disbursement amt	No. of A/Cs	%	Disbursement amt
1	Andrapradesh	165306	19.09	3151.6	202197	18.67	3314.29
2	Karnataka	264744	28.74	4744.94	332182	30.43	5402.85
3	Kerala	107975	13.29	2194.29	189329	16.94	3007.96
4	Tamil Nadu	234824	25.94	4282.07	275564	23.99	4258.53
5	Telungana	98675	12.21	2014.98	86416	9.30	1651.17
6	Puducherry	7482	0.74	121.58	7985	0.67	118.85
	<b>TOTAL</b>	<b>879006</b>	<b>100.00</b>	<b>16509.46</b>	<b>1093673</b>	<b>100.00</b>	<b>17753.65</b>

Compare with other states, Inthe number of loan account (Kishore scheme), Karnataka state is the first position in the year 2015-16 (No. of loan A/c: 264744), 2016-17(No. of loan A/c: 264744), also. The Tamilnadu is the second position in the number of loan account in the year 2015-16 (No. of loan A/Cs : 234824), 2016-17(No. of loan A/Cs : 275564).

## 2.3 MUDRA SCHEME (TARUN)

Amount Rs.in crores							
S.no	State Name	Tarun					
		2015-16			2016-17		
		No.of A/Cs	%	Disbursement amt	No. of A/Cs	%	Disbursement Amt
1	Andrapradesh	18070	14.37	1327.07	19050	13.90	1452.82
2	Karnataka	41151	28.72	2652.78	55325	35.61	3720.93
3	Kerala	14944	12.11	1119.01	17909	12.92	1349.75

4	Tamil Nadu	40506	32.29	2983.11	34008	24.89	2600.32
5	Telungana	15101	11.81	1090.99	17031	12.08	1261.9
6	Puducherry	868	0.70	64.81	808	0.60	62.66
	<b>TOTAL</b>	<b>130640</b>	<b>100.00</b>	<b>9237.77</b>	<b>144131</b>	<b>100.00</b>	<b>10448.38</b>

The disbursed amount (Kishore scheme) was highly in the State Karnataka (2015-16:28.74%, 2016-17:30.43%) then the state Tamilnadu (2015-16:25.94%, 2016-17: 23.99%) in both financial years.

The States Karnataka are utilized the MUDRA scheme (Kishore) very effectively.

With Regards to Number of Loan account is concerned the state Karnataka (2015-16: 41151; 2016-17 : 55325) comes in the first position, the State Tamilnadu (2015-16 : 40506; 2016-17 : 34008) comes in followed by the Karnataka in the year 2015-16 and 2016-17.

The amount of loan (Tarun) was disbursed highly in the State Karnataka (35.61%), then the state Tamilnadu (32.29%) in both financial years. The performance of other states is highly deviated while comparing these two leading states.

Hence it is concluded that the States Karnataka and Tamilnadu are utilized the MUDRA scheme (Tarun) very effectively.

#### A COMPARISION AMONG THREE CATEGORIES OF PMMY

Name of the scheme	No of loan A/c				Amount Disbursed			
	2015-16	%	2016-17	%	2015-16	%	2016-17	%
Shishu	10341256	91.11	5688514	82.13	20763.48	44.64	22983.27	44.90
Kishore	879006	7.74	1093673	15.79	16509.46	35.50	17753.65	34.69
Tarun	130640	1.15	144131	2.08	9237.77	19.86	10448.38	20.41
<b>Total</b>	<b>11350902</b>	<b>100.00</b>	<b>6926318</b>	<b>100.00</b>	<b>46510.71</b>	<b>100.00</b>	<b>51185.3</b>	<b>100.00</b>

It refers that when we compare the three categories of PMMY, the Shishu scheme is effectively in both the financial years 2015-16, 2016-17. The Number of Loan account (2015-16 : 91.11%, 2016-17:82.13%) and disbursement amount (2015-16:44.64%, 2016-17: 44.90%) is high in the Shishu scheme. The amount of loan and rate of interest is low compare with the other two scheme namely Kishore and Tarun.

### 3. FINDINGS AND SUGGESTIONS

The states Tamilnadu and Karnataka were performed well in utilizing the scheme MUDRA. The awareness level towards the PMMY is enhanced in the year 2016-17 while comparing the financial year 2015-16. While comparing all the three types of SHISHU, KISHORE and TARUN categories, the first Category Shishuis availed by more number of people. From this we can conclude that there is a necessity of funds at the initial stage of the business. The difference among the three categories is very high. The second and third categories are after availing the first scheme only. There is no much demand for the other two categories. So once the business is stated they manage themselves. It is good initiative from the part of entrepreneurs.

#### 4. CONCLUSION

PMMY is a good initiative from the part of government to encourage entrepreneurs the MSME sector. Many initiatives has been taken by MUDRA to create awareness about loans for micro enterprises and to enhance the number of loans sanctioned - especially, those under Shishu category by organizing credit camps across the country. In 2016–17, the government has set a disbursement target of Rs.1,80,000 crore – an increase of 47.3 % over the target set for the year 2015–16 and 35.4% above the achievement. If the partner institutions support this MUDRA yojana in same spirit as in the year 2015–16, MUDRA hopes to achieve this target too. The Shishu scheme is helpful to the small scale entrepreneur for start the business successfully. Hence it is concluded that the States Karnataka and Tamilnadu are utilized the MUDRA scheme very effectively.

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