

## Deciphering Mudra Yojana Awareness: Trends And Insights

**J. Jamela Salasty**

*Research Scholar, Alagappa University, Karaikudi, Tamil Nadu*

**Dr. G. Kanagavalli**

*Assistant Professor, Alagappa University, Karaikudi, Tamil Nadu*

**Dr. U. Arumugam**

*Assistant Professor, Department of Corporate Secretaryship  
Alagappa University, Karaikudi, Tamil Nadu*

மலர்: 11

சிறப்பிதழ்: 1

மாதம்: ஏப்ரல்

வருடம்: 2024

P-ISSN: 2321-788X

E-ISSN: 2582-0397

DOI:

<https://doi.org/10.34293/sijash.v11iS1-April.7746>

### Abstract

*Micro units consist of various small scale activities. These units are known as the Non – corporate small business sector. These sector facing many challenges like shortage of funds, limited access to equity capital, lack of technology and among the biggest bottleneck of this sector is the weak institutional financial support. Pradhan Mantri Mudra Yojana (PMMY) is a flagship scheme of Government of India to “fund the unfunded” by bringing such enterprises to the formal financial system and extending affordable credit to them. This study presents an in-depth analysis of the awareness levels among public and potential beneficiaries of Mudra Yojana Scheme. The research employs a multi- faceted approach, combining quantitative analysis of awareness level with qualitative insights gathered through interviews, survey of Mudra Beneficiaries, public at Bangalore and analysis of Government Report. Key findings reveals evolving in awareness level, current knowledge, and source of awareness of about PMMY and shedding light on the effectiveness of awareness campaigns and initiatives undertaken by the Government. Insights drawn from this research offer valuable recommendations for policymakers, financial institutions, and NGOs involved in the implementation of the Mudra Yojana Scheme. The finding of the study among public and beneficiaries, majority of respondents’ source of awareness is from relative & Friends.*

**Keyword:** *Mudra Yojana, Awareness, Knowledge*

### Introduction

#### Pradhan Mantri Mudra Yojana (PMMY)

Pradhan Manthri Mudra Yojana (PMMY) is flagship scheme of Government of India to “fund the unfunded” by bringing small enterprises to the formal financial system and extending affordable credit to them. It enables a small borrower to borrow from all public sector Banks such as PSU Banks, Regional Rural Banks and Corpoerative Banks, Private Sector banks, Foreign Banks, Micro Finance Institution (MFI) and Non Banking Finance Companies (NBFC) for loan up t Rs. 10 lakhs for non – farm income generating activities.

The scheme was launched on 8th April 2015 by the Hon'ble Prime Minister.

The formation of the agency was initially announced in the 2015 Union budget of India in February 2015. It was formally launched on 8th April.

The MUDRA banks were set up under the Pradhan Manthri MUDRA Yojana scheme. It will provide its services to small entrepreneur outside the service area of regular banks, by using last mile agents. About 5.77 crore (57.6 million) small business have been identified as target clients using the NSSO survey of 2013. Only 4% of these businesses get finance from regular banks. The bank will also ensure that its clients do not fall into indebtedness and will lend responsibly.

The Bank will have an initial capital of Rs 200 billion (US\$ 2.8 billion) and a credit guarantee fund of Rs. 30 billion (US\$ 420 million). The bank will initially function as a non banking financial company and a subsidiary of the small industries Development Bank of India (SIDBI). Later it will be made into a separate company. However it will regulate microfinance institution.

### **MUDRA Vision**

To be an integrated financial and support services provider per excellence benchmarked with global best practices and standards for the bottom of the pyramid for their comprehensive economic and social development.

### **MUDRA Mission**

Our basic purpose is 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.

### **Roles and Responsibilities of MUDRA**

MUDRA has been formed with primary objective of developing the micro enterprise

sector in the country by extending various supports including financial support in the form of refinance, so as to achieve the goal of funding the unfunded. The GOI press release of 2 March 2015 has laid down the roles and responsibilities of MUDRA.

Subsequently GOI has also decided that MUDRA will provide refinance support, monitor the PMMY data by managing the web portal, facilitate offering guarantees for loans granted under PMMY and take up other activities assigned to it from time to time. Accordingly MUDRA has been carrying out these functions over the last one year.

### **MUDRA Offerings**

#### **1. Refinance support through Banks/ MFIs/ NBFCs**

Shishu upto 50,000

Kishore 50,001 to 5,00,000

Tarun 5,00,001 to 10,00,000

#### **2. Overdraft Facility**

In addition, the overdraft amount of Rs, 5000 sanctioned under PMJDY has been also classified as Mudra loan.

#### **3. Micro Credit Scheme**

In this scheme loan has provided up to one lakh rupees is through Micro Finance Institutions for various micro enterprises. Model of providing loans may be through self help groups/Joint liability groups/ individuals.

#### **4. Mudra Card**

A debit card provided to Mudra loan account for availing working capital loans. Therefore loanee has to manage the working capital limit in cost – efficient manner and kept the interest burden minimum.

## Review of Literature

- **Ali M.S (2019)** Author discuss about salient features of MUDRA loan scheme, procedure for loan sanction by bank under MUDRA scheme, achievements, milestones under MUDRA loan scheme, NPAs in MUDRA scheme etc is explained. The important aspect of the study is to examine the banker's perception with special reference to problem faced by in managing MUDRA lending. The suggestion given by author is for assessment of credit needs it should be mandatory for them submit the audited financial statements and to calculate financial ratio while providing working capital and term loans under MUDRA scheme.
- Urmila Bharti, Manisha Verma, (28th April 2023) , “Pradhan Manthri Mudra Yojana: Transforming India by Funding the Unfunded” Mudra Scheme helps millions of small borrowers who were facing the acute financial shortage due to numerous reasons and were striving hard to get the financial assistance for starting or expanding their business activities. In this study is based on secondary information that was obtained from the MUDRA official website. The interpretation of the figures for the study period indicates that among the three main categories of Mudra Loans, shishu loan scheme has captured the largest share in terms of number of accounts.
- Pavithra B, Sharma V.M, (January 2023) “ Role of Mudra Yojana in financing women entrepreneurs in India” After agriculture microenterprises are a major economic segment that provides large employment opportunities. According to the 2021-22 annual report of MSMEs there were 630.52 lakh of micro enterprises, 1076.19 lakh of people gained employment opportunities and 30.27% to India's GDP came from these microenterprises. Microfinance is the tool to reduce poverty and income inequality and to provide financial services for self-employment opportunities
- Urmila Bharti, Rajanikant Verma, ( August 2023) “ Mudra Loan Disbursement Among Different Social Groups: A Comparative study Its important note that MUDRA loans are not limited to any specific social group. They are available to individual from to all social groups whom meet the eligibility criteria. The loans have been designed to cater to the diverse needs and aspirations of entrepreneurs across different social backgrounds, facilitating their access to formal credit and promoting entrepreneurship at the grassroots level. The study utilizes the secondary data including government reports, survey, and scholarly articles, case studies to provide an in depth understanding of the sub – categories within the Mudra Yojana framework to assess the effectiveness and inclusivity of the Mudra Yojana in reaching marginalized communities.
- Urmila Bharti, Manisha Verma, (May 2023) Pradhan Mantri Mudra Yojana: Transforming India by Funded the Unfunded The analysis is based on secondary information that was obtained the Mudra official website. The interpretation of the gifutes for the study period indicates that among the three main categories of Mudra Loans, Shishu Loan scheme has captured the largest share in terms of number of accounts as well as in terms of amount sanctioned followed by Kishore and Tarun Loans. Since its origin over a period of seven years of operations i.e., from 2015 – 16 to 2021 – 22 PMMY has benefited in aggregate approximately 34.92 crore loan account holders of micro enterprise segment by administering an aggregate amount of 18.90 crore.

## Objectives

- To analyze the awareness and knowledge level of Micro Unit Development and Refinance Agency (MUDRA).
- To determine the source of awareness about PMMY scheme.

## Research Methodology

### Source of Data

The researcher has collected primary data through discussions, personal interviews with well structured designed questionnaires of beneficiaries and public. The questionnaire was framed to obtain the awareness level of MUDRA to supplement the primary data and to facilitate the process of drawing inference,

secondary data was collected from published sources like articles, journals, official Mudra websites, Mudra reports etc.,

### Sampling

A simple random sampling method was employed for selected a representative sample from public and beneficiaries of Mudra Scheme in Bangalore District. A total of 50 respondents were taken for the study.

### Statistical Tools and Techniques

The analysis of survey data is with the help of Microsoft excels. The data has been analyzed by using percentage analysis, weighted average score method and ranking method.

## Results and Data Analysis

Table - 1

Variable		Weighted Average Score	Rank
Gender	Male	25.92	1
	Female	3.92	2
Age	18 – 30 years	2	3
	31 – 40 years	7.22	1
	41 – 50 years	5.12	2
	50 and above	0.5	4
Education	Illiterate	0.5	4
	Matriculation	3.92	2
	10+2	6.48	1
	Graduate	2	3
	Post Graduate	0.18	5
Nature of Establishment	Proprietorship	8.82	1
	Partnership	6.48	2
	Private Limited company	1.28	3
	Others	0.18	4
Economic Activity	Manufacturing	0.72	4
	Services	5.78	2
	Allied Agriculture	1.62	3
	Trading	6.48	1

1. **Gender:** The table reveals a significant gender disparity in the survey sample. “Male respondents have a substantial weighted score of 25.92, ranking top 1 while “Female” respondents have a considerably lower weighted score of 3.92, ranking them second (2).
2. **Age:** In terms of age, respondents between “31-40” years have the highest weighted score of 7.22, ranking them first (1). “41 – 50 years” follow with a weighted score of 5.12, ranking second (2), “18 – 30 years” and “50 and above” have lower participation with weighted score of 2 and 0.5, respectively. This indicates that middle age individuals are more engaged in the survey.
3. **Education:** The “10+2” group has the highest weighted score of 6.48, ranking them first (1). The matriculation” group follows with a score of 3.92, ranking second (2). “Graduate” and “Post Graduate” respondents have lower participation, with score of 2 and 0.18 respectively.
4. **Nature of Establishment:** Respondent associated with “Proprietorship” establishments have the highest weighted score of 8.82, ranking first (1), followed by those from “Partnership” establishments with score of 6.48, ranking second (2). “Private Limited Company and “others” have lower participation, with score 1.28 and 0.18 respectively. This indicates that those involved in proprietorship and partnership businesses are more active in the survey.
5. **Economic Activity:** “Trading” has the highest weighted score of 6.48 but “Manufacturing” category doesn’t have a score provided in the table. “Services” have a weighted score of 5.78, ranking second (2) and “Allied Agriculture” is at 1.62. This suggest that respondents involved in trading and services are more.

**Table 2 Knowledge and Awareness level of PMMY Scheme**

	Factor	Weighted Average Score	Score
1	Do you know the concept of Mudra Scheme	13.52	5
2	Are you aware about objectives and benefits of Mudra Scheme	13.2	6
3	Do you know the product available in Mudra Scheme	13.88	3
4	Do you aware Pradhan Mantri Mudra Yojana is a scheme launched by Government of India	16.08	1
5	Do you know the maximum limit of loan under this Scheme	11.36	10
6	Do you know about the process of taking loan in PMMY	14.61224	2
7	Are you aware PMMY is capable of provide employment in country	12.08	8
8	Are you aware about Mudra Over Draft Facility	10.32	12
9	Are you aware about Documents required for availing loans under Mudra Scheme	10.92	11
10	Are you aware about udyamimitra.org.in to avail loans from the online website	11.56	9
11	Are you aware of the Interest Rates	13.56	4
12	Do you know Repayment procedure	12.72	7

The above table provides an assessment of knowledge and awareness levels regarding the Pradhan Manthri Mudra Yojana (PMMY) Scheme based on the weighted averages reveals some key insights. The factor with the highest weighted average is:

1. "Do you aware Pradhan Manthri Mudra Yojana is a scheme launched by the Government of India" has the highest weightage average (16.08) and the rank (1), showcasing that the majority of respondents are well aware of the scheme's government origin.
2. "Do you know about the process of taking a loan in PMMY" has a strong score (2) and a highest weighted average (14.61), indicating that respondents generally have a good understanding of the loan application process.
3. "Do you know the product available in Mudra Scheme" has a relatively high weighted average of 13.88, score (3) indicating that respondents generally have a reasonable level of awareness regarding the different products available within the Mudra Scheme.
4. "Are you aware of interest Rates" also has a noteworthy weighted average of 13.56, (Score 4). This implies that respondents have a relatively good understanding of the interest rates associated with the Mudra Scheme,
5. "Do you know the concept of Mudra Scheme" and "Are you aware about the objectives and benefits of Mudra Scheme" also score relatively high (5 and 6 respectively) demonstrating a decent level of awareness regarding the core concept and objectives of the Mudra Scheme.
6. "Do you know the maximum limit of the loan under this scheme" Ranks 10th with

a score of 10, suggesting that while some respondents are aware of the loan limits, there is room for improvement in this aspects of knowledge.

7. Factors likes "Are you aware about Mudra Overdraft facility, "Are you aware about Documents required for availing under Mudra Scheme", "Are you aware about udyamimitra.org to avail loans from the online website," and "Do you know Repayment procedure" rank lower, indicating that awareness in these areas are relatively limited.

#### Source of Awareness about Mudra Scheme

Source	Weighted Average Score	Score
Friends & Relatives	8	1
Advertisement & Media	6.48	2
Bank or Financial Institution	2.88	3
Others	0	4

The table provides insights into the source of awareness about the Mudra Scheme among Respondents. Friends and Relatives sources rank first with a substantial weighted score of 8, this highlights the importance of social networks and informal communication in spreading awareness about Government scheme. Advertisement and Media, the weighted average score of 6.48 indicates that advertisement and media played a significant role in creating awareness about the Mudra scheme. Banks or Financial Institution, this source ranks third with a weighted score 2.88. while it is lower score compared to the other two sources. The category "Others" with weighted score of 0 doesn't provide much insight into the sources of awareness.

### Types of Loan Taken

Type of Loan	Weightage	Rank
Shishu Less than 50,000	5.12	2
Kishore 50,001 to 1,00,000	11.52	1
Tarun 5,00,000 to 10,00,000	1.28	3
Micro Credit for Self Help groups Rs. Up to 1,00,000	0.08	4

The above table represents different types of loans with their respective loan ranges, weightages and ranks. The weightage and rank values seems to indicate the relative significance of each loan type, with Kishore loans being the most important, have the highest weightage of 11.52, followed by Shishu loans weightage of 5.12, Tarun Loan weightage of 1.28 and Micro Credit for self help loans weightage of 0.08. The loan ranges provide a sense of the scope of each loan category.

### Suggestions

1. To address the significant gender disparity in the survey sample, its important to encourage and actively target female respondents to participate.
2. To create targeted outreach efforts to engage younger and older age group.
3. Collaborate with educational institutions to encourage participation from graduate and post graduate students.
4. It is essential to continue promoting Mudra yojana awareness to maintain strong understanding of the scheme's government backing.
5. Continuous efforts should be made to simplify the application process and ensure that the information is up – to date.
6. To provide transparency in interest rate information and ensure that applicants can

easily access this data to make informed decisions.

7. Provide step by step guides for the application process, information on required documents and clear instructions on the use of online platforms for loan applications, Additionally simply and promote awareness about the repayment procedure to avoid misunderstanding.
8. Government should take more initiative to create awareness of MUDRA scheme and thereby build confidence in the mind of people to make up entrepreneurial activities.
9. The government should take initiative to make sure whether this scheme is reached to the targeted people i.e, weaker sections of the society.
10. Government should take decision to create awareness programmes of Mudra scheme in rural and semi urban areas through banks/ financial institutions and also through Grampanchayats Municipality offices.
11. Tarun category performs very low and need to improve by providing more and more loans.
12. It is suggested to private sector banks lend more and more loans under Mudra Scheme and also create awareness campaign at branch, regional head offices about Mudra scheme

### References

1. Kala, S. (2020). Entrepreneurial Competence of Beneficiaries of Pradhan Manti Mudra Yojana. International Journal of Advanced Research and Review, 7(7), 1-6.
2. Antony, J. (2021). Role of Mudra Yojana in Employment Generation: a Study with Special Reference to Self Employed Women in Ernakulum. Journal 7(1), 217-234.

3. Vevek, S. Sivaprakash, R. Gopinath. (2019). MUDRA – A Game Changer in Indian Financial Inclusion. *International Journal of Advanced Science and Technology*, 28(17), 817-824.
4. RESHMA RAJ, S. H. (2019). Mudra Yojana : Problems faced by small business entrepreneurs in obtaining credit facilities from commercial banks with special reference to Mudra loan. *International journal of innovative technology and Exploring Engineering*.
5. Retrieved from <https://www.mudra.org.in/>
6. L, A. H., & Rathod, V. G. (2021, (April-June) 2021). A STUDY ON AWARENESS LEVEL OF PRADHAN MANTRI MUDRA. *PIMT Journal of Research* , Volume-13, No-3 (A) (ISSN No: 2278-7925), pp. PP136-140.
7. Ibrahim, P. A. (2018). An empirical study on the role of MUDRA Yojana in financing micro-enterprises. *Indian Journal of Economics and Development*, 6(10), 1-11.
8. Kumar, P., & Nandrajog, D. (2021). The impact of Pradhan Mantri Mudra Yojana on the socio-economic development of women in India: A study of Delhi-NCR. *Asian Journal of Management*, 12(4), 411-419
9. Venkatesh, J. and Kumari, R. L.(2015). Performance of Mudra Bank: A Study on Financial Assistance to MSME Sector. *International Journal of Research in Economics and Social Sciences*. 72-79.
10. Ali, M. S & Kaveri V S(2019). “MUDRA Loans – An Analysis for Future lending”, *Journal of commerce and management thought*,10 (3), 291-308.