

A Study on Trends and Insights Into Mudra Yojana Awareness

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Abstract

Micro units, consisting of various small-scale activities, form the backbone of the Non-Corporate Small Business Sector (NCSBS) in India. This sector, however, grapples with several challenges, including a shortage of funds, limited access to equity capital, outdated technology, and weak institutional financial support. To address these issues, the Government of India launched the Pradhan Mantri Mudra Yojana (PMMY), a flagship initiative aimed at “funding the unfunded.” The scheme seeks to integrate micro enterprises into the formal financial system and provide them with affordable credit.

This study delves into the awareness levels among the general public and potential beneficiaries of the Mudra Yojana Scheme. It employs a multi-dimensional approach, incorporating quantitative analysis of awareness levels, qualitative insights from interviews, surveys of Mudra beneficiaries, the public in Bengaluru, and a review of government reports.

Key findings indicate an evolving awareness level among respondents, highlighting their current knowledge and the primary sources of information about PMMY. Notably, the study identifies friends and relatives as the dominant sources of awareness. The research also evaluates the effectiveness of government-led awareness campaigns and initiatives, uncovering gaps that need to be addressed for better outreach.

The insights from this research provide actionable recommendations for policymakers, financial institutions, and NGOs involved in implementing the Mudra Yojana Scheme. Enhancing awareness through targeted campaigns and leveraging innovative communication strategies could further strengthen the scheme's impact and ensure broader financial inclusion for micro-entrepreneurs.

Keywords: Pradhan Mantri Mudra Yojana, Awareness, Financial Inclusion, Micro Enterprises

Introduction

PMMY, launched on 8th April 2015 by the Hon'ble Prime Minister, aims to formalize micro-enterprises through institutional credit. The scheme enables small borrowers to access loans of up to Rs.10 lakhs from various financial institutions, including public and private sector banks, microfinance institutions (MFIs), and non-banking financial companies (NBFCs).

The program categorizes loans into Shishu (up to Rs. 50,000), Kishore (Rs. 50,001 to Rs. 5,00,000), and Tarun (Rs. 5,00,001 to Rs. 10,00,000) segments, tailored to meet diverse business needs (Government of India, 2015).

Mudra Vision and Mission

- Vision: To become a globally benchmarked integrated financial and support services provider for the economic and social development of the bottom-of-the-pyramid segment (PMMY Annual Report, 2023).
- Mission: To drive inclusive and sustainable development by supporting partner institutions and fostering an ecosystem of growth for the microenterprise sector (PMMY Annual Report, 2023).

Roles and Responsibilities of MUDRA

MUDRA plays a pivotal role in:

1. Providing refinance support to banks, MFIs, and NBFCs.
2. Monitoring PMMY data and managing its web portal.
3. Facilitating credit guarantees and other functions assigned by the government (SIDBI, 2016).

Mudra Offerings

1. Refinance Support: Loans under Shishu, Kishore, and Tarun categories.
2. Overdraft Facility: Up to Rs. 5,000 classified as Mudra loans.
3. Micro Credit Scheme: Loans up to Rs. 1 lakh offered through MFIs.
4. Mudra Card: A debit card enabling efficient management of working capital (Government of India, 2015).

Review of Literature

1. Gupta et al. (2022)

This study examines the accessibility of Mudra loans for micro-enterprises in rural India. It highlights challenges faced by beneficiaries, including delays in loan disbursement and insufficient awareness of eligibility criteria. The authors recommend extensive grassroots-level campaigns for better outreach.

2. Sharma and Das (2023)

The authors analyze the impact of Mudra loans on women entrepreneurs, showcasing the scheme's contribution to enhancing financial independence among women. The study emphasizes the need for gender-specific training programs to maximize the scheme's potential.

3. Kumar and Singh (2021)

This research focuses on the financial inclusion achieved through PMMY and its effect on poverty alleviation. Findings reveal that while the scheme has improved access to credit, its reach remains limited due to procedural bottlenecks in rural areas.

4. Rao et al. (2023)

A comparative analysis of Mudra loans across different states reveals significant disparities in loan disbursement. The study suggests that regional-level interventions are required to bridge these gaps.

5. Bhattacharya and Roy (2023)

This study evaluates the effectiveness of Mudra cards in managing working capital. The findings highlight the need for better financial literacy among beneficiaries to reduce misuse of credit.

Objectives of the Study

- To evaluate the awareness and knowledge level of the Pradhan Mantri Mudra Yojana among micro-entrepreneurs.
- To identify the primary sources of awareness about PMMY among the target audience.

Research Methodology

Source of Data

Primary data was collected through structured interviews and questionnaires administered to beneficiaries and the general public in Bengaluru district. Secondary data was sourced from government reports, scholarly articles, and official Mudra websites.

Sampling

A simple random sampling method was used to select 50 respondents, including both public and beneficiaries of Mudra loans.

Statistical Tools and Techniques

The survey data was analyzed using Microsoft Excel, employing percentage analysis, weighted average scores, and ranking methods.

Table 1 Respondent Characteristics and Weighted Scores

Variable	Category	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

Table 2 Knowledge and Awareness Levels of PMMY Scheme

Factor	Weighted Average Score	Rank
Do you know the concept of Mudra Scheme	13.52	5
Are you aware of the objectives and benefits of Mudra Scheme	13.26	6
Do you know the product available in Mudra Scheme	13.88	3
Do you know PMMY is a scheme launched by Govt. of India	16.08	1
Do you know the maximum limit of loan under this Scheme	11.36	10
Do you know about the process of taking a loan in PMMY	14.61	2
Are you aware PMMY can provide employment in the country	12.08	8
Are you aware of Mudra Overdraft Facility	10.32	12

Are you aware of the documents required for availing loans	10.92	11
Are you aware of udyamimitra.org.in for online loans	11.56	9
Are you aware of the interest rates	13.56	4
Do you know the repayment procedure	12.72	7

Table 3 Source of Awareness About Mudra Scheme

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

Table 4 Types of Loans Taken

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

Analysis and Interpretation

Table 1: Respondent Characteristics

- Gender: Male respondents (25.92) dominate participation, while female respondents (3.92) show lower engagement.
- Age: Respondents aged 31–40 years (7.22) are most active, followed by 41–50 years (5.12). Younger (18–30) and older (50+) groups show lower involvement.
- Education: The 10+2 group (6.48) leads, with matriculation (3.92) second. Graduates and postgraduates show minimal participation.
- Establishment Type: Proprietorships (8.82) and partnerships (6.48) dominate, while Private Limited companies and others lag.
- Economic Activity: Trading (6.48) and Services (5.78) rank highest, while Manufacturing (0.72) and Agriculture (1.62) have minimal representation.

Table 2: PMMY Awareness

- High Awareness: Strong knowledge of PMMY's government origin (16.08) and loan processes (14.61).
- Moderate Awareness: Decent understanding of objectives, products, and interest rates, but room for improvement.
- Low Awareness: Gaps in knowledge about overdraft facilities, loan limits, required documents, and online platforms.

Table 3: Awareness Sources

- Dominant Sources: Friends and relatives (8.00) and media (6.48) are key sources of awareness.
- Underutilized Channels: Banks and financial institutions (2.88) are less effective in spreading information.

Table 4: Loan Types

1. Preferred Loans: Kishore loans (Rs. 50,001–Rs. 1,00,000) are most popular (11.52), followed by Shishu loans (<Rs. 50,000) at 5.12.
2. Low Demand: Larger loans like Tarun (Rs. 5,00,000–Rs. 10,00,000) and SHG loans have minimal uptake.

Key Insights

- Male respondents, middle-aged groups, and proprietors dominate participation.
- Awareness of core scheme aspects is high, but specific details like loan limits and procedures need attention.
- Social networks and media are effective, but banks need to enhance outreach.
- Smaller loans (Kishore and Shishu) are more popular, indicating the need to promote higher-value loan categories.

Suggestion

Gender Disparity

- Initiatives should focus on increasing female participation by creating awareness programs tailored for women entrepreneurs.
- Encourage women’s self-help groups (SHGs) to leverage the Mudra Scheme.

Age Group Focus

- Provide tailored guidance for younger (18–30) and older (50+) entrepreneurs, as their participation is limited.
- Promote PMMY among these age groups through targeted campaigns, especially in rural and urban youth forums.

Educational Awareness

- Conduct workshops for graduates and postgraduates to bridge the knowledge gap regarding PMMY.
- Integrate PMMY awareness into vocational training programs for school-leaving students.

Type of Establishment

- Support proprietors and partnerships further with simplified application processes.
- Raise awareness about PMMY among private limited companies and cooperative ventures to diversify beneficiaries.

Economic Activity

- Promote PMMY loans for manufacturing and agriculture sectors, as their representation is minimal.
- Introduce sector-specific benefits or incentives to attract more borrowers from these fields.

Improving Awareness

- Leverage banks and financial institutions as stronger awareness channels through customer education initiatives.
- Enhance visibility through digital platforms like udyamimitra.org and promote them among potential borrowers.

Loan Type Promotion

- Increase promotion of higher-value loans like Tarun to cater to expanding businesses.
- Simplify procedures for SHG loans to increase their appeal and uptake.

Enhanced Communication

- Focus on word-of-mouth marketing by empowering current borrowers to share their success stories.
- Use multimedia campaigns via TV, radio, and social media to highlight the benefits and processes of PMMY.

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