IJFANS INTERNATIONAL JOURNAL OF FOOD AND NUTRITIONAL SCIENCES

ISSN PRINT 2319 1775 Online 2320 7876

Research paper UGC CARE Listed (Group -I) Journal 12,S Iss 1, Jan 2023

MUDRA -TRANSFORMING THE FINANCIAL INCLUSION IN SOCIO-ECONOMIC DEVELOPMENT AMONG SC/STS WOMEN IN INDIA

P. ARIVALAGAN
Research Scholar, Department of Economics,
S.I.V.E.T. College, Gowrivakkam, Chennai.

Dr. T. BALASARAVANAN
Research Supervisor & FDP - Dean, Associate Professor and Head,
Department of Economics
S.I.V.E.T. College,Gowrivakkam, Chennai, TamilNadu.
&
Dr. (Smt.) B. LATHA LAVANYA
Research Supervisor & Co-guide, Associate Professor,
MEASI Institute of Management, Chennai, Tamil Nadu.

ABSTRACT

Large job prospects are created by MSMEs at a cost that is far lower than that of large-scale industries. It also promotes the industrialisation of rural and underdeveloped areas and ensures a wealth and income distribution that is more fairly distributed across the country. The main barrier to the current sector, however, is the lack of strong institutional support because this industry is always faced with numerous difficulties. Therefore, the government needs a specialised financial institution to "fund the unfunded" and promote entrepreneurship and self-employment in the country while also increasing institutional finance to the sector. Government has therefore established MUDRA. The fundamental goals of MUDRA are to create an entrepreneurial culture that is inclusive, sustainable, and value-based in order to achieve economic success and financial security, as well as greater chances for income and employment, both of which are necessary for inclusive growth. This sector can be utilised as a key tool to achieving financial inclusion and inclusive growth through the creation of MUDRA. Banks and MFIs that want to lend to micro units but have credit requirements under Rs. 10 lakhs can get refinance support from MUDRA. This research article explains how the MUDRA Yojana functions, how it helps the PMMY program's underprivileged members, how it is changing the way we think about financial inclusion, and how it has benefited the Indian economy.

Key Words: *Assistance to Less privileged sections PMMY, Transforming the financial inclusion paradigm and positive effects of the Indian economy.*

1.INTRODUCTION

The Micro, Small, and Medium Enterprises (MSME) sector's importance for the economy and society may be widely acknowledged. Not only is this sector essential for equitable growth and sustainable development, but it is also essential for a nation's social and political stability. As a result, regional inequalities are lessened and a more equitable distribution of wealth and value is ensured. It also aids in the industrialisation of rural and sophistication, India's MSME sector is quite diverse. This industry may play a big role in India's growth story by significantly boosting GDP, employment, and export. Currently, this sector makes up 37.5% of India's GDP, 45% of the nation's manufacturing output, and

ISSN PRINT 2319 1775 Online 2320 7876

Research paper UGC CARE Listed (Group -I) Journal 12,S Iss 1, Jan 2023

about 40% of its direct and indirect exports. The current sector is facing both opportunities and problems as a result of the dynamic global economy. The world is constantly dealing with issues like a lack of resources, restricted access to equity capital, outdated technology, and inadequate infrastructure. Although numerous initiatives have been implemented since independence to support this industry, the country continues to face numerous obstacles when it comes to access to financing. The lack of strong institutional support is the main barrier to the current sector. Additionally, the majority of those businesses are unregistered and informal, and they are not serviced by the traditional banking industry. The unequal distribution of finance is another major issue that the Indian economy continues to face. The larger enterprises receive a larger share of available financing, whereas the MSME sector receives insufficient funding. Commercial banks and other development finance organisations are unwilling to provide the current industry enough support.

It is a well-known and universal truth that supporting small businesses, including SMEs, is essential for achieving balanced economic growth and development, particularly in light of the Global Financial Crisis of 2007–2008. Many developing and developed economies have given top priority to the protection and promotion of small businesses because of the sector's distinctive characteristics, including the creation of jobs, innovations, balanced economic growth, and significant contribution to national development indices. However, there are still growth barriers in the industry, such as a lack of managerial talent, managerial issues, marketing issues, and financial issues. A lack of money is the root of all other problems in the industry. The necessity of the hour is for a specific or more specialised financial institution to provide financing to SMEs and other microenterprises. Micro-enterprises in India run by different social categories skilled or unskilled, educated or uneducated, regardless of income level as well as marginalised groups like women, SC, ST, and marginalised groups are either unfunded or underfunded as a result of internal (firms' illegal nature) and external (institutional norms) factors. On April 8, 2015, the Honourable Prime Minister created PMMY to offer loans up to Rs. 10 lakhs to non-corporate, non-farm small/microenterprises with the notion of "Funding the Unfunded." This was done in alignment with the inclusive national growth in MSME. We examine the primary traits of this Scheme and its contributions to socioeconomic growth as we mark the sixth anniversary of PMMY.

2. NEED FOR MUDRA YOJANA:

India is a young nation with a lot of fresh ideas and aspirations. It is crucial to harness the innovative zeal of young India, which may bring new-age solutions to existing gaps in the country's economic environment, to provide healthy soil for planting the seeds of India's development. In its first budget, the NDA administration announced the creation of the Pradhan Mantri MUDRA in response to the need to unleash India's hidden entrepreneurial potential.

3. OBJECTIVES OF THE STUDY

The present study has the following objectives:

- To investigate PMMY's support for underprivileged areas.
- To examine how the financial inclusion paradigm is changing
- To determine the advantages of the Indian economy

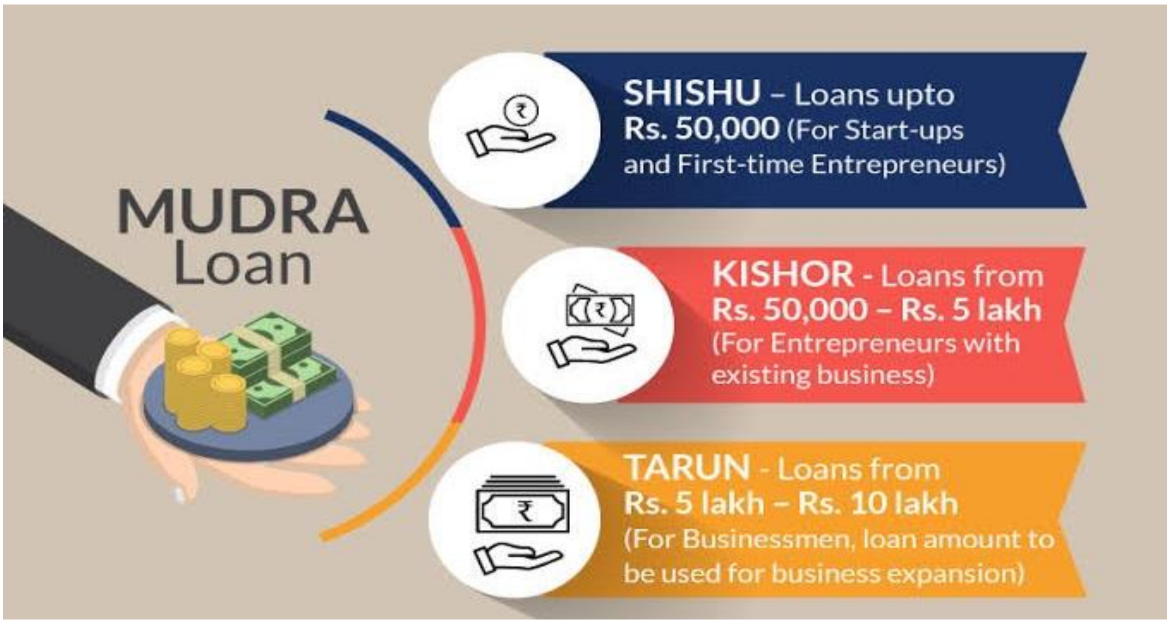
4. FUNCTIONALITY OF MUDRA YOJANA

The PMMY programme offers collateral-free loans of up to Rs. 10 lakhs from Member Lending Institutions (MLIs), which include Scheduled Commercial Banks, Regional Rural

ISSN PRINT 2319 1775 Online 2320 7876

Research paper © 2012 IJFANS. All Rights Reserved, UGC CARE Listed (Group -I) Journal 12,S Iss 1, Jan 2023

Banks (RRBs), Small Finance Banks (SFBs), Non-Banking Financial Companies (NBFCs), Micro Finance Institutions (MFIs), and others. Businesses that generate revenue in the industrial, trading, and service sectors as well as those connected to agriculture are eligible for loans. Mudra loans are available in three categories: Shishu, Kishore, and Tarun, which represent the borrowers' finance requirements and stage of growth or development: -



- Shishu: covering loans upto Rs. 50,000/-
- Kishor: covering loans above Rs. 50,000/- and upto Rs. 5 lakhs
- Tarun: covering loans above Rs. 5 lakh and upto Rs. 10 lakhs

Shishu loans, followed by Kishor and Tarun loans, receive more attention in order to encourage young people of the new generation to become entrepreneurs.

The primary goal of the establishment of MUDRA is to provide micro units with direct and indirect financial support and other services that are related to them, as well as to create an environment in which these units can serve as an important tool for the country's inclusive growth and long-term development. In order to accomplish these goals, MUDRA develops numerous schemes and programs. Additionally, MUDRA offers banks and MFIs refinance support for micro unit lending up to Rs. 10 lakhs. Under the PMMY plan, it offers micro businesses financing. Under this plan, MUDRA has divided micro-units into three categories to provide financing based on their stage of growth and financial needs. The three groups, "Shishu," "Kishor," and "Tarun" Category Shishu will contribute to expanding the sector's unfunded credit supply. Additionally, Shishu category units may be given more attention than Kishor and Tarun Categories. Therefore, this plan is designed with all NCSBS (Non-Corporate Small Business Sector) characteristics in mind, ensuring that these units receive appropriate developmental opportunities.

MUDRA offers a variety of funding options, including a "Micro Credit Scheme" for microfinance institutions (MFIs), a "Refinance Scheme" for banks, a "Women Enterprise Program" for women's economic empowerment, and a "Securitization of loan Portfolio" to improve the financial standing of microfinance institutions and the MUDRA Card. The innovative MUDRA Card is a cash credit arrangement that provides capital

ISSN PRINT 2319 1775 Online 2320 7876

Research paper © 2012 IJFANS. All Rights Reserved, UGC CARE Listed (Group -I) Journal 12,S Iss 1, Jan 2023

facility. In fact, it's an open-end credit for the capital portion of the loan that was issued against the MUDRA loan account.

This card's primary objective is to provide flexibility and easy access to financing. With this card, the borrower can make the most of the loan and pay the least amount of interest possible.

5. RESEARCH METHODOLOGY

The secondary data is the only source on which this study is based. The pertinent information was gathered from a number of reports from the Reserve Bank of India (RBI), the Centre for Monitoring Indian Economy (CMIE), the RBI Bulletin, the Economic and Political Weekly, the Statistical Outline of India, the Government of India's Economic Survey, the Handbook of Statistics, and different websites, including cmie.org, www.rbi.org.in, andwww.mudra.org.in.

Depending on their amount, Mudra loans are given out in one of three types. They are Tarun (above Rs. 5 lakh and up to Rs. 10 lakh), Kishore (above Rs. 50,000 and up to Rs. 50,000), and Shishu (up to Rs. 50,000). The following table provides the results of an analysis of the three PMMY categories' respective shares:

Category	2020-2021		2019-2020		% change (Sanction amount)
	No. of loan accounts	Sanction Amt.	No. of loan accounts	Sanction Amt.	
Shishu	4,01,80,115 (79%)	1,09,953 (34%)	5,44,90,617 (88%)	1,63,528 (48%)	(33%)
Kishor	94,86,160 (19%)	1,32,516 (41%)	64,71,873 (10%)	95,578 (28%)	39%
Tarun	10,68,771 (2%)	79,290 (25%)	12,85,116 (2%)	78,358 (24%)	1%
Total	**5,07,35,046**	**3,21,759**	**6,22,47,606**	**3,37,495**	**(5%)**

Shishu loans had the highest percentage among the three categories, accounting for 79% of the total number of accounts and 34% of the total value. However, as a result of the COVID-19 Pandemic, Shishu Loans sanction decreased by 33% from the previous year.

6.ASSISTANCE TO UNDER PRIVILEGED SECTIONS PMMY:

Since its implementation, has focussed on providing incremental funding support to the weaker sections of the society. The share of subcategories of borrowers like SC, ST, OBC, Women and Minorities under different categories of PMMY loans was analysed and details of the same are given below:

ISSN PRINT 2319 1775 Online 2320 7876

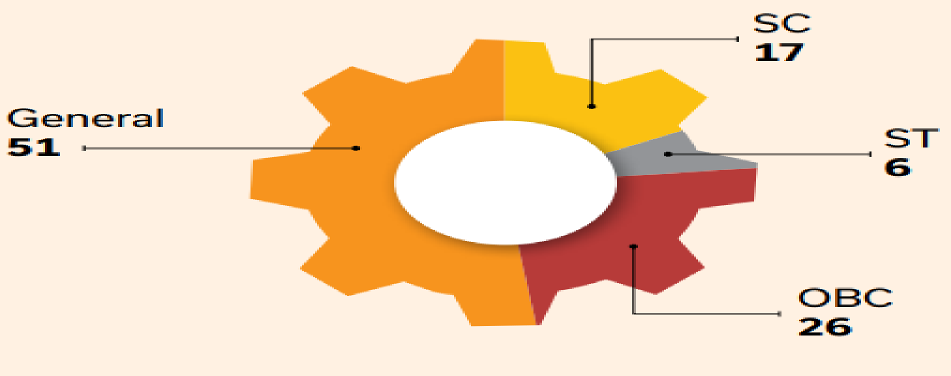
Research paper UGC CARE Listed (Group -I) Journal 12,S Iss 1, Jan 2023

Category	SHISHU		KISHOR		TARUN		TOTAL	
	No. of A/c	Amount	No. of A/c	Amount	No. Of A/c	Amount	No. of A/c	Amount
General	1,91,09,271	52,164	58,33,669	94,426	9,21,759	69,353	2,58,64,699 (51%)	2,15,942 (67%)
SC	73,34,828	19,714	10,38,947	9,430	24,642	1,680	83,98,417 (17%)	30,824 (10%)
ST	26,62,727	7,218	4,43,598	4,344	16,957	1,168	31,23,282 (6%)	12,730 (4%)
OBC	1,10,73,289	30,857	21,69,946	24,317	1,05,413	7,089	1,33,48,648 (26%)	62,263 (19%)
Total	**4,01,80,115**	**1,09,953**	**94,86,160**	**1,32,516**	**10,68,771**	**79,290**	**5,07,35,046**	**3,21,759**
Out of the above:								
Women	2,77,53,288	74,490	54,68,211	50,731	82,105	6,082	3,33,03,604 (66%)	1,31,303 (41%)
New Entrepreneur Accounts	56,18,675	13,439	16,54,007	34,562	4,67,899	35,336	77,40,581 (15%)	83,337 (26%)
Minorities	28,83,587	8,004	12,38,860	15,260	49,614	3,653	41,72,061 (8%)	26,917 (8%)

Note: Figure in parenthesis indicate the share in percentage

The female borrowers received 41% of the total sanctioned amount. Women held 66% of the accounts in the Shishu category, and they were given 69% of the money in the Shishu category. The microloan lending primarily to women by MFIs is the reason for the high percentage of women in the Shishu category. In terms of loan accounts and loan amounts approved, the society's weaker section (SC/ST/OBC) borrowers accounted for 49% of PMMY program participants. In terms of the number of loans approved, borrowers in the SC, ST, and OBC categories had respective shares of 17%, 6%, and 26%.

Percentage share of Total number of accounts in General, SC, ST & OBC



The borrowers from Minorities category accounted for 8% in terms of both number of accounts and amount respectively in FY 2020-2021 under PMMY.

ISSN PRINT 2319 1775 Online 2320 7876

Research paper UGC CARE Listed (Group -I) Journal 12,S Iss 1, Jan 2023

Average loan size

The average size of loans extended under PMMY in different categories of loan is analysed and given below:

	Amount sanctioned (₹ in crore)		No. of loan accounts		Average loan size (₹ in crore)	
	2019-20	2020-2021	2019-20	2020-2021	2019-20	2020-2021
Total	3,37,496	3,21,722	6,22,47,606	5,07,35,046	54,218.31	63,412.18

The average loan size under PMMY during FY 2020-2021 increased to ₹ 63,412 as against ₹ 54,218 in the previous year.

This shows the increasing share of Kishore and the Tarun Borrowers in PMMY.

A SKOCH Group report reveals that the Pradhan Mantri MUDRA Yojana (PMMY), which provides small business units and entrepreneurs with access to institutional finance (MUDRA Loans of 10L), has resulted in 5.5 crore jobs in just over two years, addressing the nation's most pressing issue. The MUDRA Plan: MUDRA has resulted in the creation of 54,479,763 jobs, making it a "Game-Changing Initiative on Job Creation." These include direct employment of 37,753,217 people and indirect employment of 16,726,545 people. "The MUDRA scheme has emerged as the dark horse of the Central Government." This addresses the most pressing issue facing the nation right now, which is creating employment opportunities. The MUDRA scheme aims to encourage small businesses. At the ground level, the scheme has successfully established a business ecosystem. In addition, it is having a significant multiplier effect on job creation. Over 8 crore individuals, most of whom are small business owners, have received loans totalling Rs 3.42 lakh crore from MUDRA thus far. A significant number of these people have never owned or operated a business before. For non-agricultural endeavours, MUDRA loans up to Rs. 10 lakhs. Dairy, poultry, beekeeping, and other agriculture-related activities are also covered.

7.MUDRA- TRANSFORMING THE FINANCIAL INCLUSION PARADIGM

By providing multiple alternatives to the formal collateral-based money lending system, the MUDRA Yojana assisted micro, nano, and small business owners. MUDRA Yojana has been set up as a renegotiating office for last-mile monetary establishments to stretch out the credit to miniature ventures participated in assembling, exchanging or benefits whose credit prerequisites don't surpass Rs 10 lakhs. It aims to provide a long-term platform for SC/ST youth to start businesses and greatly assists the SC/ST community in experiencing the benefits of national development.

Families all over the country have seen an improvement in their standard of living as a result of the implementation of this program. They are now able to provide their children with high-quality education and are also creating a large number of employment opportunities for others. The DICCI adage, "Be Job Givers, Not Job Seekers," has sparked an interest among SC/ST youth all over the country in starting their own businesses and becoming entrepreneurs. Mudra is contributing to the fulfilment of the aspirations of SC/ST youth. Mudra was planned and put into place to close the gap and make it easier to "fund the unfunded." The MUDRA Yojana addresses the aspirations of SC/ST youth in an appropriate manner.

8.POSITIVE EFFECTS ON THE INDIAN ECONOMY

ISSN PRINT 2319 1775 Online 2320 7876

Research paper © 2012 IJFANS. All Rights Reserved, UGC CARE Listed (Group -I) Journal 12,S Iss 1, Jan 2023

There will be a number of positive effects on the Indian economy as a result of PMMY's consistent growth

- The GDP (Gross Domestic Product) of the demographic region in which the businesses are situated will immediately rise as a result of increased entrepreneurial success.
- Employment and income will rise as a result of increased business success, which will in turn lead to increased spending.

- The general population's increased spending power leads to an increase in the demand for goods and services.
- The manufacturing sector of the economy is stimulated by increased demand, which in turn drives up the supply of goods and services to meet the increased demand.

As a result, both business units and end users benefit from an improved standard of living and increased income. Better health care facilities, better education, better nutrition, and more are all made possible by an increase in income. Work efficiency improves as these aspects of life improve. How? For instance, getting the right medical care will not only help a person live longer, but it will also help them stay healthy and active. In challenging work environments, active people perform better than those in poor health. On the other hand, getting a good education equips you with the knowledge and abilities you need to get a better job.

A business unit is not an independent entity once more. It cannot function independently! For instance, self-help groups can expand their operations if MUDRA Bank Yojana provides financial assistance to them. In turn, more raw materials are required for large-scale operations. The activities in the raw material production sectors will expand as a result of the increased demand [in the case of self-help groups, raw materials may include anything from cotton to jute to mud—usually required for pottery—to dye, among other things]. and as a result, to meet the increased demand, increase employment in those industries. Again, the transportation industry will need more support from the fuel industry in order to support the increased supply of raw materials. As a result, the beneficial effects begin to spread in every direction, resulting in a snowball effect of steady growth over time. By collectively increasing GDP, the expansion of indigenous businesses also boosts GNP, or Gross National Product.

Categories of MUDRA loans and beneficiaries FY 2020-2021 and cumulative for 6 years under Pradhan Mantri Mudra Yojana

Particulars	2020-2021			Cumulative for 6 years since inception		
	No. of Accounts	Amount sanctioned (₹ crore)	Amount disbursed (₹ crore)	No. of Accounts	Amount sanctioned (₹ crore)	Amount disbursed (₹ crore)
Shishu	4,01,80,115 (79%)	1,09,953 (34%)	1,08,637 (35%)	25,77,46,824 (87%)	6,69,855 (43%)	6,61,250 (44%)
Kishore	94,86,160 (19%)	1,32,516 (41%)	1,27,240 (41%)	3,19,50,879 (11%)	5,15,811 (33%)	4,93,868 (33%)
Tarun	10,68,771 (2%)	79,290 (25%)	75,877 (24%)	58,67,831 (2%)	3,66,967 (24%)	3,52,867 (23%)
Total	**5,07,35,046**	**3,21,759**	**3,11,754**	**29,55,65,534**	**15,52,632**	**15,07,985**
Out of the above						
Women	3,33,03,604 (66%)	1,31,303 (41%)	1,28,370 (41%)	19,98,02,912 (68%)	6,75,246 (43%)	6,41,980 (43%)
New entrepreneur Accounts	77,40,581 (15%)	83,336.79 (26%)	79,504 (26%)	6,80,71,751 (23%)	5,20,692 (34%)	4,97,865 (33%)
SC/ST/OBC	2,48,70,347 (49%)	1,05,817 (33%)	1,03,448 (33%)	14,98,81,349 (51%)	5,25,528 (34%)	5,12,665 (34%)

9.CONCLUSION

ISSN PRINT 2319 1775 Online 2320 7876

 UGC CARE Listed (Group -I) Journal 12,S Iss 1, Jan 2023

The "MUDRA Plan: A first-of-its-kind report titled "a Game Changer Initiative on Job Creation" emphasizes the MUDRA scheme's connection to employment. The inclusive nature of the MUDRA scheme is yet another noteworthy aspect. The marginalized segments of society have been the focus of its attention. As can be seen from the table above, nearly 51% of the scheme's beneficiaries have been from the underprivileged class since its inception, which contributes to an improvement in these groups' standard of living. Surprisingly, women make up more than 60% of beneficiaries. This makes it abundantly clear that the plan is well-targeted.

REFERENCES

Annual Report of Mudra for the 2021-22

Article written by Shri P Arivalagan, Research Scholar and Shri T Balasaravanan, Prof & Head, Economics Department, SIVET College, Chennai, published in Design Engineering – ISSN: 0011-9342 | Year 2021 Issue: 8 | Pages: 12282-12289

https://tfipost.com/2019/04/mudra-dalit-entrepreneurs-01

https://www.academia.edu/36052253/ROLE_OF_MUDRA_BANK_IN_DEVELOPMENT_OF_SMALL_ENTRPERESSHP

https://www.narendramodi.in/reflections/mobile/mudra-a-vehicle-to-realize-the-vision-of-babasaheb-17

https://www.pradhanmantriyojana.co.in/

Mudra Website