



## PERFORMANCE EVALUATION OF MUDRA BANK SCHEMES - A STUDY

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### ABSTRACT

*India has emerged as one of the fastest growing economies in the world projected to clock one of the highest growth rates in the world during financial year 2016–17. A prudent fiscal policy, range bound inflation figures and an accommodating monetary policy in tandem with on-ground developments such as soft global commodity prices, growing private consumption, and a new thrust to stalled projects are key factors contributing to the realization of this scenario. This paper analyse about the MUDRA bank schemes, such as Shishu, Kiran and Tarun. It explores the bank financial performance, number of accounts and amount disbursed by the MUDRA bank and also state wise number of accounts and disbursed amount by the three schemes.*

**Key words:** Mudra Bank, Shishu, Kiran, Tarun, States.

### INTRODUCTION:

Microfinance refers to loans up to Rs.1lakh, usually it extended to individuals who lack access to financial services especially credit. While lending small money started in late 1980s, microfinance in its current form is less than two decades old. The customers of microfinance are often people vulnerable to mistakes, fraud, and agent commissions due to lack of education, financial knowledge, documents necessary to satisfy banks, or collateral to secure their loans. Typical customers of microfinance are people who eke out subsistence level livelihoods, such as, small and marginal farmers, wage labourers, hawkers, petty traders, providers of different kinds of services, skilled workers and OAE proprietors. The relevance and suitability of MFIs in serving the tiny requirements of small borrowers for their micro enterprises was further underscored by MUDRA's recognition of their role in extension of credit. MUDRA is expected to serve millions of small borrowers through better governed MFIs offering suitable products at affordable costs and thereby ensure growth and strengthening of the microfinance sector in India. The business domain of MUDRA consists of income generating micro enterprises engaged in manufacturing, trading and services sectors for loans up to Rs.10lakhs. From fiscal 2016–17 micro enterprises involved in activities allied to agriculture too have also been brought within the ambit of PMMY loans. The overdraft amount of Rs.5, 000 sanctioned under PMJDY is also treated as part of MUDRA loans under PMMY.

### Micro Units Development & Refinance Agency Ltd (MUDRA):

The Micro Units Development & Refinance Agency Ltd (MUDRA) was set up by the Government of India (GOI). MUDRA has been initially formed as a wholly owned subsidiary of Small Industries Development bank of India (SIDBI) with 100% capital being contributed by it. Presently, the authorized capital of MUDRA is 1000 crores and paid-up capital is 750

crore, fully subscribed by SIDBI. More capital is expected to enhance the functioning of MUDRA. This Agency would be responsible for developing and refinancing all Micro-enterprises sector by supporting the finance Institutions which are in the business of lending to micro / small business entities engaged in manufacturing, trading and service activities.

### **Role and Responsibilities of MUDRA:**

MUDRA has been formed with the primary objective of developing the micro enterprise sector in the country by extending various supports including financial support in the form of refinancing, 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.

### **LITERATURE REVIEW:**

*Rudrawar, M. A. A., & Uttarwar, V. R. (2016)* has concluded that the desired transformation can be achieved from PMMY scheme. If applied properly at the bottom level, it may act as a game-changing idea and may increase, boost and prosper the Indian economy. It should include less documentation and easily accessible. In coming few years, MUDRA will be a catalyst for the development of employment, GDP and entrepreneurship at large. Roy, *Anup Kumar (2016)* has displayed that the small businesses form the foundation of the economic strata needs to be enhanced and supported. A major number of initiatives have been taken in the past few years are a step in the right direction. *Kumar (2017)* throws a light on the performance of the small-scale sector. This sector contributes the traffic jam to the growth of the country. But it has very little financial support. This paper focused on to know about MUDRA Yojana. *Rudrawar & Uttarwar (2016)* studied the biggest obstacle for the development of micro and small enterprises was lack of financial assistance. *Shahid & Irshad (2016)* explored the importance of self-employed people and small business unit. This paper evaluated the product offering by MUDRA Bank and its performance in the state of *Karnataka*. *Roy (2016)* introduced the small business contribution to nation GDP. This paper identified the importance of this sector and strategic tool for small business. Also reveals the role of MUDRA Bank towards small enterprises.

### **OBJECTIVES OF THE STUDY:**

1. To study the MUDRA bank schemes.
2. To analyse the financial performance of MUDRA bank.

### **METHODOLOGY:**

**Source of data:** This paper study is based on secondary data. The secondary data collected from annual reports of mudra bank, websites, journals and news papers. **Scope of study:** the study limitation is only mudra bank schemes as well as financial performance of mudra bank. **Period of study:** The period study is only 2015-16.

**MUDRA Schemes:**

According to the under the guideline of Pradhan Mantri MUDRA Scheme, MUDRA Bank has launched its three initiative products are given table:

**Table-2:  
MUDRA Schemes**

| S.No | Types of Schemes       |
|------|------------------------|
| 1    | Shishu or (Infant)     |
| 2    | Kishore or (Youth)     |
| 3    | Tarun or (Young adult) |

*Source: MUDRA bank annual reports*

**Business Operations of MUDRA:**

**Refinance:** Commercial banks, RRBs, cooperative banks, NBFCs, and MFIs engaged in financing micro enterprises are eligible for refinance support from MUDRA subject to fulfilling prescribed conditions, referred to as the 'Benchmarks for Sanction'.

**Table-2**

| <b>Categories of MUDRA Loans and Beneficiaries, 2015-16</b> |                 |                               |
|---|-----------------|-------------------------------|
| Category  | No. of Accounts | Amount Disbursed (Rs. Crores) |
| Shishu  | 324.02          | 62,028                        |
| Kishore   | 20.69           | 41,073                        |
| Tarun   | 4.10            | 29854                         |
| <b>Total</b>  | <b>348.81</b>   | <b>132955</b>                 |
| <b>Out of the above</b>                                     |                 |                               |
| New Entrepreneurs   | 124.75          | 58908                         |
| Women Entrepreneurs   | 276.28          | 63100                         |
| Share of SC/ST/OBC  | 184.00          | 49,196.33                     |
| <b>Total</b>  | <b>585.03</b>   | <b>1,71,204</b>               |

*Source: MUDRA bank annual reports*

The above table-2 shows that the categories of schemes as on 2015-16. The total number of accounts 348.81 and total loan amount is 1, 71,204 in the year of 2015-16. Shishu scheme has more accounts other than Kishore and Tarun accounts. The huge amount is disbursed to the Shishu scheme (Rs.62, 028) and less amount disbursed to the Kishore and Tarun scheme account (41,073), (29,854) respectively. The women entrepreneurs were more accounts (276.28) other than the new entrepreneurs and share of SC/ST/OBC categories (124.75), (184) respectively. The huge amount is disbursed is to the beneficiaries was SC/ST/OBC categories (Rs.49, 196, 33).

Therefore, it is concluded that the Shishu scheme and SC/ST/OBC categories were huge benefit from the MUDRA Bank funds.

**Table-3**

| <b>Financial Results Highlights</b> |                           |                            |
|-------------------------------------|---------------------------|----------------------------|
| <b>S.No</b>                         | <b>Particulars</b>        | <b>2015-16 (Rs. Crore)</b> |
| 1                                   | Revenue From Operation    | 50.10                      |
| 2                                   | Other Income              | 313.85                     |
| 3                                   | Total Income              | 363.95                     |
| 4                                   | Employee Benefit Expenses | 02.39                      |
| 5                                   | Finance Costs             | 243.31                     |
| 6                                   | Depreciation Expenses     | 00.01                      |
| 7                                   | Provisions & Write-Off    | 09.73                      |
| 8                                   | Other Expenses            | 02.54                      |
| 9                                   | Total Expenses            | <b>257.98</b>              |
| 10                                  | Profit Before Tax(A-B)    | 105.97                     |
|                                     | <b>Total</b>              | <b>1349.83</b>             |

*Source: MUDRA bank annual reports*

It is evident that the table-3, during the year, mudra bank has recorded a total income of (Rs.1349.83) crore, as against a total expense of (Rs.257.98) crore, resulting in profit before tax (Rs.105.97).

**Table - 4**

| <b>PMMY - State Wise Performance Financial Year 2015-16</b> |                    |                         |                    |                         |                    |                         |
|---|--------------------|-------------------------|--------------------|-------------------------|--------------------|-------------------------|
| <b>State</b>  | <b>Shishu</b>      |                         | <b>Kishore</b>     |                         | <b>Tarun</b>       |                         |
|   | <b>No. of A/Cs</b> | <b>Disbursed Amount</b> | <b>No. of A/Cs</b> | <b>Disbursal Amount</b> | <b>No. of A/Cs</b> | <b>Disbursed Amount</b> |
| Andhra Pradesh  | 6,12,312           | 1,312,12                | 165306             | 315160                  | 18070              | 1327.07                 |
| Karnataka   | 41,53,714          | 90771.71                | 264744             | 4744.94                 | 41151              | 2652.78                 |
| Kerala  | 7,074,92           | 1414.08                 | 107975             | 2194.29                 | 14944              | 11190.1                 |
| Tamilnadu   | 45,062,37          | 8231.68                 | 234824             | 4282.07                 | 40506              | 2983.11                 |
| Telangana   | 2,869,85           | 588.37                  | 98675              | 2014.98                 | 15101              | 1090.99                 |
| <b>R=</b>   | <b>0.586681</b>    |                         | <b>-0.05906</b>    |                         | <b>-0.2707</b>     |                         |

*Source: MUDRA bank annual reports*

The above table-4 shows that state wise during financial performance of south states such as Andhra Pradesh, Karnataka, Kerala, Tamilnadu and Telangana. The performance was different schemes provide the financial benefits by the MUDRA Bank. The Karnataka state has more accounts from other states. The positive correlation (0.586681) between Shishu schemes number of accounts and disburse amount, and other two schemes Kishore and Tarun (-0.05906), (-0.2707) respectively, were negative correlation between number accounts and disbursal amount.

It is concluded that the Shishu scheme is better performance other than the Kishore and Tarun schemes.

## CONCLUSION:

The business domain of MUDRA bank consists of income generating and micro enterprises engaged in manufacturing, trading and services sectors for loans up to Rs.10 lakh. From fiscal 2016–17, micro enterprises involved in activities allied to agriculture too have also been brought within the ambit of PMMY loans. The overdraft amount of Rs.5,000 sanctioned under PMJDY is also treated as part of MUDRA loans under PMMY.

Finally, concluded that the Shishu scheme and SC/ST/OBC categories were huge benefit from the MUDRA Bank funds. The Shishu scheme is better performance other than the Kishore and tarun schemes.

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