

## **Entrepreneurship Promoting Schemes and Organizations**

### **W5 L3 – Pradhan Mantri Mudra Yojana**

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Hello everyone. Today I am here to talk about Pradhan Mantri Mudra Yojana. An economy like India having population more than 1.4 billion will not sustain if it does not have any vibrant small, medium or micro enterprise to provide job opportunities to the people. Rapidly increase population. PMMY is a flagship scheme which launched by Union Government of India to provide loan to the micro, medium, small or non corporate and non farm enterprise.

Micro unit development and refinance agency limited Mudra has been set up for the funding the unfunded micro enterprise in the country. Mudra will refinance all banks, micro finance institutes and other lending institutions in which are in the business of lending micro small business entities engaged in manufacturing, trading and service activities.

PMMY is a scheme to finance income generating small business enterprise was launched on 8th April 2015 by the Honorable Prime Minister whereby all the bank are required to finance micro enterprise up to 10 lakh irrespective of whether they avail of refinance support from Mudra or not. The vision of PMMY is to be an excellent provider of financial and support service following the best global practices and standards to help the poorest people improve their economic and social well being.

The mission of PMMY Sustainable and ethical entrepreneurship by working with our partners institution to achieve economic success and financial security. The purpose of PMMY to attain development in an inclusive manner by supporting and promoting partner institution and creating an ecosystem of growth for micro enterprise sector.

Now, who are eligible for Mudra bank loan? An Indian citizen who is involved in income generating activities such as manufacturing, processing, trading or service sectors and whose credit need is less than 10 lakh can approach either a bank, MFIs, financial institution or NBFC for availing for of Mudra loan under PMMY.

Mudra Bank is not in refinancing the agriculture sectors under PMMY, but also its act as a trader of vegetables and fruits are covered under Mudra Bank schemes. The applicant's age limit should be minimum of 18 years and maximum of 65 years. And Indian citizens who has a business plan, individuals and Business owners, traders, retailers, manufacturers, small industrialists, or individuals involved with any agriculture activities, startup entrepreneurs are eligible under Mudra Bank loan.

Mudra loan is categorized under three categories. First one is Shishu, which covers loan up to Rs 50,000 and the rate of interest is 10-12%. Whereas in Kishore, it covers loan above Rs 50,000 up to Rs 5 lakh. The rate of interest is from 14 to 17 percent. In case of Tarun, it covers loan above 5 lakh up to 10 lakh and the rate of interest starts at 16 percent.

If we compare all the three types of loan, we can easily say that in Shishu, the entrepreneur who are either looking to start a new business or are in the initial stage of the building are considered under Shishu. The interest rate is 10 to 12 percent per month and they require no processing fee.

The repayment period is five years. In case of Kishore, the entrepreneurs who need additional capital for their existing business or buying machinery, raw materials, etc. The rate of interest is from 14 to 16 percent depend on bank. It also didn't require any processing fee. The repayment period depends on the bank.

In case of Tarun, have well established business and need funds for expansion and diversification of their business, they are eligible under Tarun. The rate of interest starts at 16 percent and they have to give the 0.5 percent processing fee, and the repayment period is again depend upon on the bank.

It also noted that at least 86 percent of the credit flow to Shishu category, you need end up balanced credit will go under Kishore and Tarun categories. Another innovative credit product is Mudra card whereby the borrower can avail of credit in a hassle free and flexible manner. It provides a facility of working capital arrangement in the form of overdraft facility to the borrower.

Since Mudra card is a rupee, Debit card, it can be used for drawing cash for ATM or business correspondence or make purchase using point of sale machine and repay the amount as and when surplus cash is available, thereby reducing the interest cost. If we say during 2015 to 16, cards were issued for the amount of 1476 crore.

Another mobile phone application is Mudra Mitra is available in the Google Play Store and the Apple App Store providing information regarding Mudra and its various products and schemes. It guides a loan seeker to approach and banker in availing Mudra loan under PMMY. User can also access useful loan related to materials including sample loan application form.

Now, what are the documents required for the availing MUDRA schemes? First of all, proof of residency as it should be become an Indian citizen. Two recent passport size photographs, last six month bank statement, ID proof and address proof, rental agreement if any, clearance certificate from pollution control board, small scale industry registration from ministry of

MSME, partnership deed if any, memorandum of association, code for machineries and other items and also KYC document.

The project cost is decided based upon the business plan and the investment proposed. The benefits of Mudra Yojana is shown. The lower income group, they Mudra helping them to boost their small business. It also helped to provide fund to the vendors, hawkers, self help group, etc. It also helped those people financial aid who do not have yet any bank accounts.

It also helped to lower the cost of finance and also helped in running a fair and square government microcredit scheme to boost self employment and small business. There are four support funding enterprises. First one is microcredit scheme, second is refinance scheme for bank, third is women enterprise program, fourth is securitization of loan portfolio.

In Team. It offered mainly through microfinance institution, which delivered the credit up to Rupee. One Luck for the various Microenterprise activities through group like SEG. The loan are given to the individuals for specific income generating microenterprise activities. The MFIs for availing financial support need to enroll with mudra by compiling to some of the requirements as notified by mudra from time to time.

In case of refinance scheme for bank, different banks like commercial bank, regional rural bank, scheduled cooperative banks are eligible to avail for refinance support from the Mudra for financing micro enterprise activities. The refinance is available for term loan and also for working capital loan up to an amount of 10 lakh per unit.

The eligible banks which have enrolled with Mudra by compiling with the requirements as notified can avail a bill of refinance from Mudra for loan issued under Shishu, Kishore and Tarun categories. In case of Women Enterprise Program, in order to encourage the women entrepreneurs, the financing bank MFIs may consider extending additional facilities including interest reduction on their loan.

At present, Mudra extends a reduction of 25 BPS in the interest rate to MFIs, NBFCs and who are providing loans to the women entrepreneurs. In case of scrutinization of loan portfolio, Mudra also support bank and NBFC MFIs for financing fund for the micro enterprise by participating in scrutinization of their loan assets against micro enterprise portfolio by providing second loss default guarantee for credit enhancement and also participating in investment of pass through certificate either as a senior or a junior investor.

Now, if we see the financial year amount, which has been disbursed and sanctioned, we can clearly see that compared to 2020 to 23 into 2023 24, the number of PMMY loans has been sanctioned increased by 40 lakhs. The amount sanctioned to disburse is also increased by 1 lakh crore. The achievements during these 8 years of Pradhan Mantri Mudra Yojana is that

cumulative outreach to 41.16 crore MSE borrowers account with the credit support of 22.89 lakh crore. Empowering women with 68.62 percent loan account belonging to women beneficiaries only. addressing the credit need of the weaker section. It also considered that 50.80 percent of the loan account only belong to SC, ST and OBC categories.

In these eight years, PMMY is now also act as dual role. It not only give the refinance to the various institution, it also help to the monitoring to see the implementation of PMMY closely through the various dedicated portal as per requirement government of India. It is clearly shown that the data indicates the target and achievement pertaining to sanction figure of financial year 2015, 16 to 2021, 22 whereas, the data of financial year 2020 to 23 is pertaining to the disbursement figure. There are many success stories in case of Mudra. I have here share a few of them. The first one is the Vishal Kumar who is belong to Assam and he has taken the loan in Kishore category to run computer stationary shop.

Another one is Ratnadev from Assam, she also take the loan as a Kishore category to run the bakery. In West Bengal, Kolkata, Bharatpur, one lady, Shuchandra Boutique, also taken loan to run the boutique shop under Kishore category. Another example is then Madhuri Tamankar, who has taken loan under Shishu category from the State Bank of India to run the beauty parlour.

In conclusion, I can say that launching banks like MUDRA will benefit small manufacturing units and self employed individuals in rural and urban areas. PMMY scheme will contribute to well being of the individuals engaged in small scale industries which will positively affect the progress of the economy as a whole.

According to PM India, supporting the small entrepreneurs of India is the biggest way to help the Indian economy grow and prosper.

Thank you.