

Mudra's Contribution towards Weaker Sections (SC/ST/OBCs)

(Financing of SC/ST/OBCs through MUDRA since its Establishment)

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Abstract – Government of India firmly believes that development has to generate inclusive growth. Large corporate and business entities have a crucial role in economic development. These large entities has to be complemented by informal sector enterprises which generate maximum employment. There are some 5.77 crores small business units mostly individual proprietorship, in manufacturing, trading or service sector. 62 per cent of these are owned by SC/ST/OBCs. These bottom of the pyramid and hard-working entrepreneurs find difficulties to access formal systems of credit. To resolve this problem Government of India create a Micro Units Development Refinance Agency (MUDRA) Bank. MUDRA Bank will refinance Micro-Finance Institutions through Pradhan Mantri Mudra Yojana. In lending, priority will be given to SC/ST/OBCs. These measures will greatly increase the confidence of young, educated or skilled workers to aspire to become first generation entrepreneurs and existing small businesses can able to expand their activities. In this paper an attempt has been made to find out contribution of MUDRA towards SC/ST/OBCs. Findings reveal that half of the beneficiaries' belongs to financially weaker segment comprising of SCs, STs or OBCs.

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INTRODUCTION

The millions of MSMEs in the country are India's mainstay in providing employment outside agriculture. At least 80 per cent MSMEs are micro enterprises. This is the largest disaggregated business ecosystems in the world which engage nearly 10 crore people in the country, offering livelihood to five times that number. Micro enterprises comprise of myriad low scale activities such as clay pot making, basket weaving, *jhadoom* making, fruits and vegetable vendors, transport (three wheeler tempos and autos), food-service units, repair shops, machine operators, welders, cottage industries, small industries, handlooms, handicraft workers, food processors, retailers, beauticians and street vendors, etc. These are collectively referred to as the non-corporate small business sector (NCSBS).

Of the 5.77 crore small units constituting the NCSBS, nearly all are individual proprietorships. Around 94 per cent of small business units are own account enterprises (OAEs). These units run by individuals belonging to financially weaker segment comprising of SCs, STs or OBCs. The little credit, that these units can access, comes mostly from local moneylenders, friends, and relatives. Other financially weak sections engaged in micro

enterprises too face an enormous challenge with accessing credit. Access to institutional finance could potentially turn these micro entrepreneurs into strong instruments of GDP growth and employment. To build on this opportunity Government of India initiated the Micro Units Development & Refinance Agency Ltd (MUDRA).

Hon'ble Finance Minister of India outlined the concept and role of MUDRA in his budget speech in February 2015. Thereafter, MUDRA is set up as a wholly owned subsidiary of Small Industries Development Bank of India (SIDBI). It was registered as a non-banking finance institution with Reserve Bank of India (RBI) on April 07, 2015 and launched a day later on April 08, 2015 by the Hon'ble Prime Minister of India to support the micro enterprises sector in the country. MUDRA has an initial corpus of Rs. 20,000 crore and a credit guarantee corpus of Rs. 3,000 crore. This will provide credit up to 10 lakh to small entrepreneurs and act as a regulator for MFI's.

MUDRA PRODUCTS AND OFFERINGS:

MUDRA will need two category of products, viz; refinance product for the micro units having loan requirement in the range of 50,000 to 10 lakh and

support to MFI's for on lending etc. MUDRA will be providing refinance to micro business under the scheme of PMMY. The other products are for development support to the sector.

Under the PMMY, MUDRA has already created its initial products. Depending upon the category of business, MUDRA scheme provides loans in three categories:-

1. Shishu:- If you have just started your small business then you will get loan cover up to 50,000
2. Kishore :- If you have set your business than you will get from Rs. 50,000 to Rs. 5 lakh of loan cover from MUDRA
3. Tarun: - If you have well established business need more fund to raise business than you will get loan cover up to 10 lakh.

It would be ensured that at least 60% of the credit flows to Shishu category units and the balance to Kishore and Tarun categories. Apart from these products the other products are initially being launched to meet requirement of various sectors.

Borrowers, who wish to avail assistance under Pradhan Mantri MUDRA Yojna (PMMY), can approach the local branch of any of the financial institutions in their region- PSU banks, RRBs, Cooperative banks, Private Sector banks, foreign banks, MFIs and NBFCs. Sanction of assistance shall be as per the eligibility norms of respective leading institutions.

ELIGIBILITY:

An Indian Citizen who has a business plan for a non –farm income generating activity such as manufacturing, processing, trading or service sector and whose credit need is less than Rs. 10 lakh can avail the benefits of MUDRA.

For all PMMY loans, the following points are to be noted:-

- No processing fee
- No collateral
- Repayment period of loan is extended up to 5 years.
- Applicant should not be defaulter of any banks/financial institutions.

OBJECTIVES OF THE STUDY:

The main objectives of the study are:

- To find out that how much MUDRA contributed for SC/ST/OBCs entrepreneurs since its establishment.

RESEARCH METHODOLOGY:

Secondary data has been used for this study. Data has been taken from the official website of MUDRA (www.mudra.org). Percentage method has been used to find out the contribution of MUDRA in financing of weaker section comprising SC/ST/OBCs. Relevant information is gathered from various websites, journals and articles.

DATA ANALYSIS:

Table: 1

Categories of MUDRA and Beneficiaries 2015-16

Category	No. of Accounts (in lakh)	Amount disbursed (in crore)
Shishu	324.02	62,028
Kishore	20.69	41,073
Tarun	4.10	29,854
Total	348.81	1,32,955
<i>Out of the above</i>		
Share of SC/ST/OBCs	184.02 (53%)	49,196 (37%)

(Annual Reports of MUDRA 2015-16)

The data obtained under PMMY shows that 1.84 crore accounts financed by all the agencies under PMMY was for SC/ST/OBC categories, which is nearly 53% of the accounts financed. All partner institutions played an important role in opening accounts for SC/ST/OBC. Out of total amount disbursed, the .49 crore goes towards SC/ST/OBCs.

Table: 2

Categories of MUDRA and beneficiaries 2016-17

Category	No. of Accounts (in lakh)	Amount disbursed (in crore)
Shishu	364.98	83,892
Kishore	26.63	51,063
Tarun	5.40	40,357
Total	397.01	1,75,312
<i>Out of the above</i>		
Share of SC/ST/OBCs	225.01 (57%)	66,280 (38%)

(Annual Reports of MUDRA 2016-17)

The loans provided by Banks and MFIs under PMMY indicate that 2.25 crore accounts are of minorities, which is nearly 57%. An amount of .66 Cr goes to financing for SC/ST/OBCs, which is 38% of total amount disbursed.

Table: 3

Categories of MUDRA and beneficiaries 2017-18

Category	No. of Accounts (in lakh)	Amount disbursed (in crore)
Shishu	426.70	1,04,228
Kishore	46.54	83,197
Tarun	8.06	59,102
Total	481.30	2,46,527
<i>Out of the above</i>		
Share of SC/ST/OBCs	262.24 (55%)	83,687 (34%)

(Annual Reports of MUDRA 2017-18)

The data supported under PMMY, indicates that out of 4.81 crore accounts financed during the year, 2.62 crore accounts are for new entrepreneurs, which work out to 55%. Approximately 34% of total amount disbursed goes to financing for SC/ST/OBCs.

CONCLUSION:

The NSSO survey of 2013 indicated that more than 60 per cent of the micro and small enterprises belonged to weaker socio-economic strata like SCs, STs and OBCs. During 2015–16, PMMY made a significant contribution by extending credit of 5.54 lakh crore to nearly 12.27 crore borrowers. The programme also helped in extending financial support to the weaker sections of the society, viz., SC/ST/OBCs. The programme has also facilitated the inclusion of nearly 3.5 crore new entrepreneurs in the formal credit system. Under this scheme an amount of 2 lakh crore have been disbursed to SC/ST/OBCs. 6.71 crore accounts nearly 55 per cent of the total account under PMMY belonged to SC/ST/OBC category. These contributions will greatly increase the confidence of young, educated or skilled workers of the weaker section. who would now be able to aspire to become first generation entrepreneurs and existing small businesses can able to expand their activities.

SUGGESTIONS:

- ▶ Government of India and banks should start an aggressive campaign to make aware the small entrepreneur regarding MUDRA scheme.
- ▶ Because of MUDRA scheme there is every possibility of increasing Non-Performing Assets of banks. Banks should take necessary steps to control N.P.A.

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