Evaluation of PM MUDRA Yojana

Why in news?

Recently Pradhan Mantri MUDRA Yojana (PMMY) completed 8 years contributing immensely to the inclusion of several communities that have traditionally been underrepresented as an entrepreneur.

What is Pradhan Mantri MUDRA Yojana (PMMY)?

- PMMY provides *collateral-free loans up to 10 lakh* to the non-corporate, non-farm small/micro enterprises initially.
- PMMY was launched in 2015 with the objective to encourage young person to become 1st generation entrepreneurs.
- These loans are extended by Banks, NBFCs, Micro finance Institutions (MFIs) and other eligible financial intermediaries as notified by MUDRA Ltd.
- MUDRA has created three products namely 'Shishu', 'Kishore' and 'Tarun'.

What are the achievements of PMMY?

- **New Entrepreneurs** – The Mudra Scheme has created 8 crore new entrepreneurs.
- **Bridging the gap** - The scheme has potentially bridged the gap of India's microfinance and banking sectors providing loans to micro entrepreneurs.
- **Sub-culture of poverty** - The PMMY has reduced the sub culture of poverty in short span of time.
- **Banking in unbanked areas** - PMMY provided loans to bottom half of India providing loans to the unbanked areas.
- **Innovation -** It induced innovation, creative ecosystem and also the risk-taking appetite of entrepreneurs which generated lot of employment opportunities.
- **1st time entrepreneurs** - The share of Shishu loans is the highest (40%) suggesting that the PMMY has largely supported first-time entrepreneurs.
- **Inclusion** - PMMY has benefitted all segments of Indian society such as general, schedule caste/tribe (SC/ST) groups and other backward classes (OBCs).
- SC/ST and OBC categories account for a total of 51 per cent of all Mudra accounts.
- **Women empowerment** - The share of accounts held by women is 69%.
- In 2022 disbursements of loans to women entrepreneurs registered an average growth of 28%.
- **Equal distribution** - Since it is a national scheme, it has shown balanced penetration and economic growth across India.
- States such as Uttar Pradesh, Odisha and Bihar have recorded all-round gains from the PMMY.

Overall, the PMMY has achieved its objectives of equitable and fair spatial distribution of benefits during these 8 years.

What are the future aspirations?

- Timely utilization of benefits of 5G technology and e-commerce.
- More awareness about Mudra cards and further penetration in to remote areas.
- Scheme can be extended to personal sector other than farms and factories.
- They can start a loan funding of less than Rs 50,000 so that the gap of 0-50k can be fulfilled.

References

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