



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A Study Of Pradhan Mantri Mudra Yojana (Pmmy) With Reference To Micro And Small Enterprises In Nagaland

Asu Chuzho

Assistant Professor

Department of Economics

Pfutsero Government College

Pfutsero, India

Abstract: The Government of India introduced Pradhan Mantri Mudra Yojana (PMMY) on 8th April, 2015 for providing loans upto Rs 20 lakhs to non-corporate, non-farm, small and micro enterprises (MSEs). In Nagaland's economic landscape marked by an absence of large scale industrial activity, micro and small enterprises play a crucial role in promoting self employment and entrepreneurship among youth, women and marginalized communities. By providing loans under its various categories- Shishu, Kishore, Tarun and Tarun Plus, the scheme has enabled access to formal credit for local entrepreneurs who remain outside the reach of traditional banking channels. By providing collateral free loan, the scheme has emerged as an important engine in providing the needed impetus to micro and small enterprises in providing a platform for individuals to start their own business, innovate and contribute to the state's economy. However challenges such as lack of financial literacy, infrastructural gaps and awareness has act as deterrents in realizing the scheme's full potential in the state.

Keywords: Small, Micro Enterprises, Entrepreneurship, Credit Access

INTRODUCTION:

Nagaland presents a unique economic landscape marked by an absence of large scale industries. Considering this the Micro, Small and Medium Enterprises (MSMEs) play an indispensable role in its economic trajectory. The Micro, Small and Medium Enterprises (MSMEs) include a wide array of activities such as handicrafts, handlooms, agriculture and horticulture etc. The absence of largescale industry in the state underscore the notable and sizable economic implication of the MSME sector in the state. The total number of Micro, Medium and Small Enterprises (MSMEs) registered in Udyam portal in Nagaland as on May 2025 stands at 35,196. Out of this 35,013 are registered under micro units, 168 under small units and only 15 are registered under medium units. This data indicate the significant role of micro and small enterprises in Nagaland. The sheer number of micro-enterprises (34,270 out of 34,454) indicates that they form the foundation of the state's business ecosystem. This underscores their importance in generating employment, fostering local development, and sustaining livelihoods.

REVIEW OF LITERATURE

Gautam, V., Kumar, P., & Gopal, D. K. (2017) highlights the challenges faced by the micro and small-scale sector in India, including financial support, infrastructure, illiteracy, and technological shortcomings. MUDRA, was initiated to address these challenges by providing financial assistance and aims to provide a roadmap for young individuals to become entrepreneurs.

Rupa, R. R. (2017) examines the significance and progress of Mudra yojana and analyses the pattern and amount of loans advanced to Tamil Nadu. The results reveal that 36% of the total accounts during the study period were attributed to new entrepreneurs and 79% to women underscoring the role of the scheme in promoting and encouraging new entrepreneurs and empowering women.

Basak, A. (2020) highlights the achievement of the scheme in reaching micro-entrepreneurs with a compound annual growth rate of 32.86% in loan disbursements. This article provides a national-level assessment of PMMY's reach and impact.

Bindal & Singh (2022) highlight the challenges of providing employment in India due to its large population. It emphasizes the importance of small, medium, and micro enterprises in creating job opportunities. The paper discusses the difficulties faced by small and micro businesses, such as financial illiteracy, lack of information and infrastructure, and high establishment costs. It explains how the Indian government launched the MUDRA loan scheme in 2015 to support these businesses by providing collateral-free loans. The study concludes that the MUDRA scheme has been beneficial in distributing loans to the non-corporate small business sector.

Mahesh et al. (2022) explores the role of the Pradhan Mantri MUDRA Yojana (PMMY) in promoting various sectors of the Indian economy, with a particular focus on Micro, Small and Medium Enterprises (MSMEs) and the agricultural sector. The study emphasizes the significant contribution of MSMEs to India's GDP and employment, as well as the importance of the agricultural sector, which still employs a substantial portion of the country's workforce. PMMY's role as a refinancing institution is examined, with a focus on its various schemes like Shishu, Kishor, and Tarun, designed to cater to different funding needs of micro-enterprises.

Pandey, M., & Ojha, B. N. (2022) underscores the role played by Mudra loan in addressing the credit requirements of small and micro enterprises. With its objective "Fund the Unfunded" Mudra loans served as a catalyst for small businesses to grow and expand, fostering inclusivity and entrepreneurial spirit.

Bindal, A. (2023) Small enterprises constitute a foundational element of the national economy, necessitating consistent support and reinforcement. The Pradhan Mantri Mudra Yojana (PMMY) represents a significant intervention designed to specifically address the financial needs of micro and small businesses in India. The establishment of MUDRA is not solely aimed at enhancing financial inclusion for unbanked populations but also seeks to mitigate the financial burdens imposed by last-mile finance providers on micro and small enterprises, particularly those operating within the unorganized sector.

Ramachandran, S., & Chandramohan, B. P. (2023) review the constraints and challenges faced by informal MSME in accessing formal credit due to regulatory requirements and procedures for loan approvals by commercial banks. As a result a large number of MSME continues to operate informally giving rise to several implications like limited access to finance, lack of legal protection and government support making it harder for these MSME to upscale their businesses. The PMMY with ease to access credit and hassle free registration through the udyam portal has brought about a positive change in the ecosystem of MSME and has helped in fostering entrepreneurship at the grassroot level and overcome the bottlenecks to access formal credit by micro industries.

Rao, S., & Singh, K. (2023) found that small and medium enterprises utilized mudra loans for working capital, fixed capital and business expansion and has positively benefited from it. However, there has been no long term impact on income generation and improvement in standard of living of the beneficiaries due to Mudra loan.

Jamuni, A. M., & Sanadi, R. (2024) makes a closer examination of the Pradhan Mantri Mudra Yojana (PMMY), a government scheme in India aimed at financing microbusiness owners and stimulating economic growth. The results indicate a significant increase in loan approvals and the overall funds disbursed, which suggests that the scheme is picking up speed, with the government investing more resources with each passing day. The analysis recommends simplifying the documentation process, lowering interest rates and aid women entrepreneurs further.

AN OVERVIEW OF PRADHAN MANTRI MUDRA YOJANA (PMMY) IN NAGALAND:

With its objective of “funding the unfunded” the Pradhan Mantri Mudra Yojana is particularly significant for Nagaland, where a significant portion of the Micro and Small Enterprises sector lack access to credit and services of conventional banking. By facilitating “last-mile credit delivery”, Pradhan Mantri Mudra Yojana (PMMY) ensures that even the smallest enterprises can access financial resources for setting up and expansion.

A key feature of Pradhan Mantri Mudra Yojana (PMMY) is the provision of collateral free loans upto Rs 10 lakhs which has recently been increased to Rs 20 lakhs. This is significant for MSEs in Nagaland, as many start-ups and entrepreneurs do not possess sufficient collateral to access traditional bank loans. This reduces barriers to entry and expansion for small businesses in the state. Pradhan Mantri Mudra Yojana provides three different loan- Shishu (upto Rs 50,000/-), Kishore (Rs 50,001 upto Rs 5,00,000), Tarun (Rs 5,00,001 to Rs 10,00,000/-) and Tarun Plus (Rs 10,00,001 upto Rs 20,00,000/-) to cater to different stages of business development. This makes it practical for the entrepreneurs to avail appropriate level of financial assistance as their business evolve.

The Pradhan Mantri Mudra Yojana (PMMY) was launched with the objective of bridging the credit gap faced by micro and small enterprises by providing collateral free loan to this sector. Investigating the impact of Pradhan Mantri Mudra Yojana (PMMY) on Micro and Small Enterprises (MSMEs) in Nagaland holds significant importance for various reasons. While many studies have been conducted to explore the effect of PMMY at national and other regional levels, there is a dearth of research focused on the impact of the scheme on MSEs sector in Nagaland. The economic and socio-cultural context of Nagaland is very unique and the results and conclusions drawn from the available body of literatures are not relevant or may not adequately explain the effect of the scheme in the context of Nagaland. Most of the research on PMMY loans is also descriptive in nature and lacks qualitative assessment to identify the grassroots realities of beneficiaries in Nagaland, their loan utilization, challenges in accessing the loan and the actual impact on their livelihoods.

This paper aims to examine the extent of awareness among Pradhan Mantri Mudra Yojana (PMMY) beneficiaries in Nagaland regarding the scheme and to analyse the utilisation of the loan amount by the beneficiaries of the Pradhan Mantri Mudra Yojana (PMMY).

This study employs a mixed-methods approach, utilizing both quantitative and qualitative methodologies, to provide a comprehensive overview of the Pradhan Mantri Mudra Yojana (PMMY) scheme's implementation and reach within Nagaland; evaluate the awareness levels of the scheme among its beneficiaries; and analyze the utilization of loan amounts. Primary data is collected through structured questionnaire intended to capture in-depth insights on the awareness level among PMMY beneficiaries and the utilization of the loan amount. The researcher conducted field visits to local market place, interacting directly with the beneficiaries to administer the questionnaires and gather relevant information. Data for this study were collected from a sample of thirty-five (35) beneficiaries in Kohima district of Nagaland, selected using purposive sampling. The data gathered from the beneficiaries is used for further analysis to fulfill the objectives of the study.

DATA ANALYSIS AND DESCRIPTIVE FINDINGS:**I. Demographic Profile of Beneficiaries:**

Gender	Percentage (%)
Male	37%
Female	63%
Age	
<25 years	11.43%
25-30 years	34.29%
>30 years	54.29%
Educational Level	
8 th Grade	3%
10 th Grade	9%
12 th Grade	14%
Graduate	51%
Post –Graduate or higher	23%
Economic Activities (specified under the PMMY)	
Retail	42.86%
Manufacturing	8.57%
Services	48.57%
Agri- allied Activities	0
Scale of Operation	
Micro Enterprise (Investment limit of Rs 2.5 crore and turnover of upto Rs 10 crore)	100%
Ownership Structure	
Sole Proprietorship	77%
Partnership	23%

Table 1: Demographic profile of beneficiaries

The demographic data indicates a strong female representation, with 63% of beneficiaries being women, while men accounted for 37% of the beneficiaries. This indicates that a significant percentage of PMMY loans have been sanctioned to women entrepreneurs, highlighting the scheme's reach among women. The age distribution reveals that majority of the beneficiaries (54.29%) are above 30 years old, followed by those in the 25-30 years (34.29%) and below 25 years (11.43%). This indicates that the PMMY loan is predominantly utilized by older individuals reflecting greater experience and more developed business operations. The educational data indicates that PMMY scheme is being accessed by relatively educated individuals with 51% of the beneficiaries falling under the graduate category, followed by post-graduate (23%), 12th grade (14%), 10th grade (9%) and 8th grade (3%).

An analysis of the economic activities or profiles of the beneficiaries indicates that nearly half of the loans (48.57%) were sanctioned to the services sector, followed by retail (42.86%) and manufacturing sector (8.57%). In terms of enterprise scale, the data reveals that all beneficiaries fall under the category of micro enterprise. This focus on micro-enterprises aligns with the PMMY's goal of supporting small businesses.

II. Beneficiaries' Awareness Level about the Scheme:

Initial source of information regarding the PMMY scheme	Percentage (%)
Bank Officials	17%
Government Advertisement/ campaigns	9%
Friends or family	23%
Other beneficiaries under PMMY	51%
Awareness of the amount of loan under Shishu Category	
Yes	89%
No	11%
Awareness of the amount of loan under Kishore Category	
Yes	86%
No	14%
Awareness of the amount of loan under Tarun Category	
Yes	86%
No	14%
Awareness of Udyamimitra Portal	
Aware	57%
Not aware	43%
Availed Loan through the Udyamimitra Portal	
Yes	3%
No	97%
Category of PMMY loan availed	
Shishu	14%
Kishore	63%
Tarun	23%
Awareness of RuPay Mudra Card	
Yes	0%
No	100%

Table 2: Beneficiaries' Awareness Level

A significant 51% of beneficiaries learned about the PMMY scheme from other beneficiaries, while 23% were informed by friends or family, 17% by bank officials, and 9% through government advertisements or campaigns. This highlights the limited reach of official channels in disseminating awareness about the scheme. The data also indicates peer network plays an important role in disseminating information about the scheme.

A high percentage of beneficiaries are aware of the loan amounts under the Shishu (89%), Kishore (86%), and Tarun (86%) categories. This suggests a good level of understanding regarding the basic features of the PMMY scheme.

While 57% of beneficiaries are aware of the Udyamimitra Portal, only 3% have availed loans through it. This indicates a gap between awareness and utilization of the portal, suggesting potential issues with accessibility or user-friendliness.

The majority (63%) of beneficiaries have availed loans under the Kishore category, followed by Tarun (23%) and Shishu (14%). This distribution demonstrates the scheme's capacity to address diverse funding requirements as micro-enterprises develop.

A striking 100% of the beneficiaries are unaware of the RuPay Mudra Card. This points to a significant lack of awareness regarding this component of the PMMY scheme.

III. Utilization of the Loan Amount and Impact on the Beneficiaries' Reliance on Alternative Sources of Credit:

Purpose for Availing PMMY Loan	Percentage
Starting a new business	26%
Expanding an existing business	31%
Purchasing Machinery or equipment	14%
Working Capital	29%

Table 3: Utilization of the Loan Amount

This data highlights the role of PMMY loans in business growth and operational needs. The loans were primarily utilized for expanding existing businesses (31%), starting new businesses (26%), and working capital (29%), with a smaller portion used for purchasing machinery or equipment (14%).

Degree to which the PMMY loan has reduce reliance on the given alternate sources of credit:

A Likert scale of 1 to 5 is used. The scale points are defined as:

- 1 = not at all
- 2 = to a small extent
- 3 = To a moderate extent
- 4 = to a great extent
- 5 = completely

Likert Scale	1	2	3	4	5	Mean
Collateral Free	24	8	1	2	0	1.46
Loan Amount	0	25	8	2	0	2.34
Interest Rates	2	17	15	1	0	2.43
Govt. Scheme	0	11	20	4	0	2.57
Less Documentation	0	1	10	22	2	3.71
					Overall Mean	2.502

The most significant impact of PMMY appears to be in reducing reliance on informal money lenders, with a high mean score of 4.66. This indicates that borrowers, to a great extent or completely, depend less on informal money lenders after availing PMMY loans.

PMMY has also significantly reduced reliance on loans from friends with a mean of 4.03.

There's a moderate reduction in reliance on loans from family, with a mean score of 3.51.

PMMY has had the least impact on reducing reliance on personal savings, with a mean score of 3.09. This suggests that borrowers still use personal savings to a moderate extent even after obtaining PMMY loans.

The overall mean score of 3.822 suggests that PMMY has generally been effective in reducing reliance on traditional sources of credit.

IV. Reasons for Availing PMMY Loans:

A Likert scale of 1 to 5 is employed, with 1 being the most significant reason for availing the loan and 5 being the least significant reason for availing the loan.

Likert Scale	1	2	3	4	5	Mean
Personal Savings	0	5	22	8	0	3.09
Loans from family	0	3	11	21	0	3.51
Loans from friends	0	2	2	24	7	4.03
Informal Money lenders	0	0	1	10	24	4.66
					Overall Mean	3.822

The most significant reason for availing a PMMY loan is that it is collateral-free, with a mean score of 1.46. This indicates that the absence of the need for collateral is a very strong motivating factor for borrowers. The loan amount is also a significant factor, with a mean score of 2.34. This suggests that the availability of a certain loan amount is important to potential borrowers.

Interest rates with a mean score of 2.43 and the reason that it is a government scheme with a mean of 2.57 are moderately important factors. They are not the primary drivers but still play a role in the decision to avail the loan.

Less documentation with a mean score of 3.71 is considered a positive factor, but it's the least significant reason compared to the other factors. The overall mean score of 2.502 suggests positive impact of the mentioned factors influencing the decision to avail PMMY loan.

V. Recommendations of the Scheme by the Beneficiaries:

Recommendations made to others by the PMMY beneficiaries	%
Yes	94%
No	6%

This data highlights the extent to which existing PMMY beneficiaries play a crucial role in influencing the awareness, willingness and adoption of the scheme among potential applicants. The data reveals strong endorsement of the PMMY scheme by its beneficiaries, with 94% of the beneficiaries having recommended the scheme to other businessmen/enterprises. This high recommendation rate is a significant indicator of beneficiary satisfaction and suggests that the scheme is perceived positively.

No. of business person/enterprises availing loan following the recommendations	Percentage
0 Person	35%
1 Person	38%
2 Person	18%
3 Person	6%
More than 3	3%

The recommendations made by the beneficiaries of the scheme have translated into tangible results as 38% of the beneficiaries have had 1(one) person avail of the following their recommendations, 18%of the beneficiaries have had 2(two) persons avail of the loan following their recommendations, 6%of the

beneficiaries have had 3(three) persons avail of the loan following their recommendations and 3%of the beneficiaries have had more than 3 (three) persons avail of the loan following their recommendations.

SUGGESTIONS & CONCLUSIONS:

While the Pradhan Mantri Mudra Yojana (PMMY) scheme has demonstrated success in reaching a significant number of entrepreneurs and facilitating access to credit, certain findings point towards opportunities to enhance its effectiveness and maximize its impact:

- The study highlights that word-of-mouth and peer network are the primary sources of information about the scheme. To reduce the reliance on informal channels, the government should strengthen official outreach through targeted advertisements, campaigns, and collaborations with local organizations.
- Despite a reasonable level of awareness about the Udyamimitra Portal, its usage is low. The portal should be made more user-friendly, and training and support should be provided to potential users to increase its adoption.
- There is a complete lack of awareness about the RuPay Mudra Card among beneficiaries. The benefits and features of this card should be actively promoted through awareness campaigns and educational initiatives.
- Less documentation was considered the least important reason for availing the loan, continued efforts should be made to simplify the loan application and disbursement process to make it even more accessible.

This research provides valuable insights into the reach, awareness and utilization of the Pradhan Mantri Mudra Yojana (PMMY) scheme. The scheme has successfully reached a significant number of women entrepreneurs, supported the growth and operation of micro-enterprises, and reduced the reliance on informal credit sources. The findings underscore the scheme's vital role in promoting financial inclusion and supporting micro-enterprise development. However, it is equally important to acknowledge the areas where the scheme can be refined to achieve even greater success. By addressing the identified gaps and implementing the suggested recommendations, the PMMY scheme can further empower entrepreneurs and contribute to sustainable economic growth.

REFERENCES:

1. Basak, A. MUDRA INITIATIVES FOR FUNDING TO MSME: A BIG STEP FOR PUSHING FINANCIAL INCLUSION IN INDIA.
2. Bindal, A. A Study on Performance of PRADHAN MANTRI MUDRA YOJANA in Haryana.
3. Bindal, A., & Singh, D. R. R. 2022. A study and review of Pradhan Mantri Mudra Yojana. *Journal of education: Rabindra Bharati university*, 23.
4. Gautam, V., Kumar, P., & Gopal, K. 2017. Analysis the Performance of MUDRA. *International Journal in Management & Social Science*, 5(6), 72-77.
5. Jamuni, A. M., & Sanadi, M. R. A STUDY ON EFFECTIVENESS OF MUDRA YOJANA-A DESCRIPTIVE ANALYSIS.
6. Kadaba, D. M. K., Aithal, P. S., & KRS, S. 2022. Role of MUDRA in Promoting SMEs/MSE, MSMEs, and allied Agriculture Sector in the rural and urban area-To Achieve 5 Trillion Economy. *International Journal of Management, Technology, and Social Sciences (IJMTS)*, 7(1), 373-389.
7. Pandey, M., & Ojha, B. N. 2022. Role of MUDRA Loan in Development of Entrepreneurship opportunity in East Singhbhum District of Jharkhand. *International Advanced Research Journal in Science, Engineering and Technology*, 9, 10-17.
8. Pradhan Mantri Mudra Yojana (PMMY)Annual Performance Reports (2015-16 to 2023-24)

9. Ramachandran, S., & Chandramohan, B. P. 2023. Problems in availing Institutional Finance by Informal MSMEs in India with special reference to MUDRA Loans and Udyam Registration. *The Indian Economic Journal*, 5, 255-268.
10. Rao, S., & Singh, K. Analysing the Influence of Mudra Loans on Small/Micro Enterprises in Pune City, Maharashtra.
11. Rupa, R. 2017. Progress of MUDRA with special reference to Tamil Nadu. *EPRA International Journal of Economic and Business Review*, 5(1), 90-94.
12. Singh, K. R. 2018. Development of Micro, Small and Medium Enterprises through MUDRA Loans with Special Reference to Manipur. *Abhinav National Monthly Refereed Journal of Research in Commerce & Management*, 7(1), 55-60.
13. State Wise Udyam Registration-MSME dashboard accessed on 17th May 2025.

