



# A STUDY ON THE KNOWLEDGE AND AWARENESS LEVEL OF PRADHAN MANTRA MUDRA YOJANA IN COIMBATORE CITY

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## **ABSTRACT:**

This study evaluates the Indian implementation of the Pradhan Mantri Mudra Yojana (PMMY) in Coimbatore district, Tamil Nadu. It assesses the socio-economic context, perceptions, and PMMY of the beneficiaries, as well as the efficiency of banks in lending. Using a sample of 120 respondents and a descriptive study design, the study takes into account factors such as the number of loans granted and the bank's resources to assess performance. He points out that the big banks may have an advantage. However, there is a risk of respondent bias and limited generalizability. Overall, the study provides information to improve PMMY's support for micro and small businesses in the region.

**Keywords:**Efficiency, Implementation, MUDRA Yojana, Pradhan Mantri, Small enterprises.

## **1.1 INTRODUCTION:**

Pradhan Mantri Mudra Yojana (PMMY) is a transformative financial inclusion program launched by the Government of India on April 8, 2015. Designed to empower non-farm micro and small businesses, industrial and non-commercial, PMMY aims to provide them with much-needed access to credit. Under this initiative, various financial institutions, including public and private sector banks, regional rural banks, cooperative banks, offshore banks, and non-financial company banks, are required to provide loans up to Rs 4,000,000 or 10 lakhs to these companies. PMMY operates through the Micro-Unit Development and Refinancing Authority (MUDRA), which not only facilitates the refinancing of small business loans but also regulates the microfinance industry. Wider. The system classifies these loans into three categories by amount. 'Shishu' for loans up to Rs 4,000,000, 'Kishor' for loans over Rs 50,000 and up to Rs 5 lakh, and 'Tarun' for loans over Rs

5 lakh to Rs 10 lakh, reflecting different stages of growth and financing needs of microbusinesses. This study examines the effectiveness of PMMY in Coimbatore district, Tamil Nadu, by looking at the socio-economic context, awareness level, and efficiency of banks in providing loans. Valuable insights to improve support for micro and small businesses.

## 1.2 OBJECTIVE OF THE STUDY:

1. To assess the socio-economic background of the selected sample respondents in the study area.
2. To find out the awareness level of the PMMY scheme among the target population
3. To analyze the level of knowledge among people regarding the Pradhan Mantri MUDRA Yojana (PMMY).

## 1.3 STATEMENT OF THE PROBLEM

The central issue addressed in this study is the effectiveness of banks as financial intermediaries in implementing the Pradhan Mantri Mudra Yojana (PMMY) in Coimbatore district, Tamil Nadu. Specifically, the study aims to assess whether banks effectively disburse loans under PMMY, taking into account factors such as the number of loans granted, resource allocation, and customer satisfaction. beneficiary. This assessment is important due to the unique nature of PMMY recipients, who often lack the usual documentation proving their level of trust. In addition, large banks may have an advantage, which can put smaller banks at a disadvantage. Therefore, this study aims to provide an overview of the challenges and opportunities to ensure equitable access to credit under PMMY.

## 1.4 SCOPE OF THE STUDY

The scope of this study included an in-depth analysis of the Pradhan Mantri Mudra Yojana (PMMY) in Coimbatore district, Tamil Nadu. It focuses on assessing the effectiveness and impact of PMMY in the region, taking into account socioeconomic factors, awareness levels, and the effectiveness of banks as financial intermediaries. The study also assessed the program's ability to support micro and small businesses of various types, including 'Shishu', 'Kishor', and 'Tarun'. Through this study, valuable insights into the pros and cons of PMMY implementation in Coimbatore will be gained, contributing to a better understanding of how to optimize the program's reach and effectiveness for small businesses in the area.

## 1.5 RESEARCH METHODOLOGY

The research methodology employed in this study is descriptive and based in Coimbatore, Tamil Nadu. A sample size of 120 respondents is selected through convenience sampling. Data is collected using questionnaires and supplemented by secondary sources such as articles, books, magazines, and newspapers. The study covers a period of three months from January 2023 to May 2023. Analysis involves tools such as simple percentage analysis, rank analysis, and the weighted average method to assess bank efficiency and

beneficiary satisfaction. Despite potential respondent bias and limited generalizability, this methodology enables a comprehensive evaluation of the Pradhan Mantri MUDRA Yojana's implementation in Coimbatore.

### 1.5.1 TYPES OF DATA COLLECTION

Data collection methods can be categorized into two main types: primary and secondary.

**Primary Data Collection:** This involves the direct gathering of fresh data from original sources. Common primary data collection methods include surveys, interviews, observations, questionnaires, and experiments. Researchers collect primary data to address specific research objectives and tailor data collection instruments to their needs.

**Secondary Data Collection:** Secondary data is pre-existing information collected by someone else for a different purpose. Researchers access secondary data through sources like books, articles, reports, databases, and historical records. This data can be cost-effective and time-saving but may not always perfectly align with the research objectives. Researchers often analyze, interpret, and synthesize secondary data to draw conclusions for their studies.

### 1.5.2 SAMPLE METHOD

The sample method employed in this study utilizes convenience sampling. A sample size of 120 respondents is selected from Coimbatore, Tamil Nadu. Convenience sampling is chosen for its practicality, allowing researchers to gather data efficiently from readily available individuals in the study area, although it may have some limitations in terms of representativeness.

### 1.5.3 SAMPLE SIZE

The sample size for the study is 120 respondents.

### 1.5.4 PERIOD OF STUDY

The period of the study is 3 months i.e., January-2023 to May-2023.

### 1.5.5 AREA OF STUDY

The study is undertaken in Coimbatore city.

### 1.5.6 TOOLS

- Simple percentage analysis
- Rank analysis
- Weighted average method

## 1.6 LIMITATIONS OF THE STUDY

- Data collected from working individuals in Coimbatore may not be fully representative of diverse socio-economic conditions, limiting the generalizability of findings.
- Potential respondent bias could exist in the questionnaire method, affecting the objectivity of responses.
- The study's conclusions and recommendations may not be applicable to other geographical regions or settings.
- Despite every effort for authenticity, the research operates within the constraints imposed by nature and society, acknowledging the inherent limitations of the study design.

## 2. REVIEW OF LITERATURE

The review of literature provides a comprehensive overview of the Pradhan Mantri MUDRA Yojana (PMMY) and its impact on small and micro-enterprises in India. Several key findings and insights emerge from the literature:

**Financial Inclusion Efforts:** Mol (2014) highlights issues such as financial illiteracy and the need for enhanced financial inclusion. The Reserve Bank of India has initiated various measures to address these concerns, including the use of information and communication technology.

**Innovations in Financial Inclusion:** Mehar (2014) notes that financial inclusion in India has improved in recent years, thanks to innovations like mobile banking and ultra-small branches.

**Role of Small Businesses:** Roy (2016) underscores the importance of small businesses as the backbone of economic development. Numerous initiatives have been launched to support this sector's growth.

**Focus on Entrepreneurs:** Dr. J. Venkatesh and MS. R. Lavanya Kumari (2017) emphasize initiatives aimed at supporting individual entrepreneurs within the small-scale industries, contributing to overall economic progress.

**MUDRA Scheme's Design:** Verma (2015) discusses how the MUDRA scheme not only addresses the financial challenges of MSMEs but also encourages a new generation of entrepreneurs.

**Transformational Potential:** Rudrawar and Uttarwar (2016) believe that if implemented effectively, PMMY can be a game-changing idea with the potential to boost India's economy, increase entrepreneurship, and create employment opportunities.

**Success in Tamil Nadu:** Rupa (2017) highlights the success of the MUDRA scheme in Tamil Nadu, where microfinance institutions (MFIs) have played a substantial role in increasing the number of accounts financed under PMMY.

**SME Financing Trends:** Rashid R. Pansare (2017) identifies trends in financing the small-scale industry (SSI) sector in India and discusses the challenges associated with financing SMEs.

**Recommendations for SMEs:** Upadhya (2015) suggests that financial institutions can encourage SMEs through incentives and recommends that SMEs adapt to changing scenarios and work professionally to secure strong financial support.

**Effective Monitoring:** Rani and Rao (2019) emphasize the need for effective monitoring mechanisms, credit-rating facilities, quality standards, and capital market development to enhance the SME sector.

**Disparity in Lending:** Raja (2005) highlights a significant disparity between lending to larger companies and the SSI sector, with loans to bigger firms growing at a faster pace.

**Changes in Bank Credit:** Bodla and Verma (2000) note changes in the share of SSIs in net bank credit over different periods, indicating fluctuations in bank lending to the SSI sector.

The literature underscores the importance of financial inclusion, innovation, and support for small and micro-enterprises in India. It also highlights the potential of the MUDRA scheme to drive economic growth, along with challenges and disparities in SME financing.

### 3. DATA ANALYSIS AND INTERPRETATION

#### 3.1 SIMPLE PERCENTAGE ANALYSIS

Percentage analysis is mainly used to determine the distribution of respondents coming under different categories. It is expressed in percentage mainly to facilitate standardization and comparison between two or more series of data. Percentage is used to describe the relationship.

$$\text{FORMULA} = \frac{\text{No. of Respondents}}{\text{Total no. of respondents}} \times 100$$

**Table 1.1**

**TABLE SHOWING THE SIMPLE PERCENTAGE ANALYSIS**

S.No	Gender	Total	Percentage
1	Male	76	63.3%
2	Female	44	36.7%

	<b>Total</b>	<b>120</b>	<b>100%</b>
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## INTERPRETATION

From the above table it is clear that majority of the respondents that is 63.3% are male whereas only 36.7% respondents are female. Thus, it can be concluded that there is a preponderance of male respondents over the females.

## 3.2 RANK ANALYSIS

Ranking the observation according to the size and the basis of the calculation on the rank rather than the original observation in the research rank is used to determine the exporters in term of the number of respondents. The average is used to find the factors that have the highest priority. The highest Priority is ranked as first followed by second, third and soon.

**TABLE 1.2**  
**TABLE SHOWING THE RANKING ANALYSIS**

Factors	1(5)	2(4)	3(3)	4(2)	5(1)	Total	Rank
Funding the unfunded	49 (245)	41 (164)	16 (48)	10 (20)	4 (4)	120 (481)	I
Reducing Job less Economic Growth	27 (135)	48 (192)	25 (75)	14 (28)	6 (6)	120 (436)	III
Monitoring and Regulating the Microfinance Institution (MFI)	40 (200)	30 (120)	39 (117)	9 (18)	2 (2)	120 (457)	II
Integration of formal Economy into formal sector	20 (100)	45 (180)	32 (96)	21 (42)	2 (2)	120 (420)	V
Promoting Financial Institution	28 (140)	36 (144)	31 (93)	14 (28)	11 (11)	120 (416)	VI
Development of Micro Enterprise Sector	35 (175)	31 (124)	34 (102)	13 (26)	7 (7)	120 (434)	IV

## INTERPRETATION

The above table shows the factors influencing the PMMY on different avenues that are ranked based on the responses by the respondents. Funding the unfunded is given rank I by the respondents, Monitoring and Regulating the Microfinance Institution (MFI) is given rank II by the respondents, Reducing Jobless Economic Growth is given rank III by the respondents, Development of Micro Enterprise Sector is given rank IV by the respondents, Integration of formal economy into formal sector is given rank V by the respondents, Promoting Financial Institution is given rank VI by the respondents.

### 3.3 WEIGHTED AVERAGE

Under this method, the respondents are asked to rank their choices. This method involves ranking of the items given. To secure a ranking of all the items involved, the researcher total the weights which are given to each item. The weighted score is ranked first and correspondingly the other ranks are assigned.

$$\text{Weighted Average} = \frac{\Sigma F(X)}{N}$$

**TABLE 1.3**  
**AWARENESS LEVEL OF PMMY SCHEME**

Factors	1(5)	2(4)	3(3)	4(2)	5(1)	Total	Mean
Do you know the products available in Mudra Scheme	41 (205)	37 (148)	29 (87)	10 (20)	3 (3)	120 (463)	3.85
Are you aware about interest rates	23 (115)	46 (184)	39 (117)	11 (22)	1 (1)	120 (439)	3.65
Are you aware about objectives of Mudra Scheme	27 (135)	35 (140)	39 (117)	16 (32)	3 (3)	120 (427)	3.55
Are you aware about Mudra Debit cum –ATM card	27 (135)	35 (140)	38 (114)	18 (36)	2 (2)	120 (427)	3.55
Are you aware about Mudra Overdraft facility	35 (175)	37 (148)	30 (90)	12 (24)	6 (6)	120 (443)	3.60



## INTERPRETATION

The above table justifies the level of awareness level towards PMMY scheme. The Highest mean score is 3.85 for products available in Mudra Scheme and the lowest mean score is 3.55 for both objectives of Mudra Scheme and Mudra Debit cum- ATM card.

### 4.1 FINDINGS

- Majority of respondents 43.3% have heard about PMMY from Friends & Relatives.
- Majority of respondents 71.7% are aware about PMMY scheme.
- Majority of respondents 33.3% agree PMMY is helpful in growth of the country
- Majority of respondents 76.7% are know the process of taking loan under this scheme
- Majority of respondents 35.8% are strongly agree PMMY is capable to solve the problem of micro industry
- Majority of respondents 34.2% are agree PMMY is capable to provide employment in country.
- Majority of respondents 72% are know the loan categories under this scheme.
- Majority of respondents 68.3% know maximum loan under this scheme.
- Majority of respondents know the service provider under this scheme

### 5.1 SUGGESTIONS

- Empower every Indian, especially micro-industries and women entrepreneurs, to establish businesses and obtain necessary financial support.
- Create a supportive business ecosystem through Pradhan Mantri Mudra Yojana.
- Benchmark financial and support services to global best practices for comprehensive economic and social development.
- Increase the number of loans sanctioned and disbursed by financial institutions.
- Facilitate connections between potential borrowers and appropriate support entities.
- Organize handholding events after loan sanction.
- Integrate Pradhan Mantri Mudra Yojana with existing government schemes, adopt innovative implementation methods, ensure transparency and accountability, and promote awareness, especially among women borrowers. Additionally, provide essential training in planning, organizing, directing, controlling, marketing, and finance.



## 6.1 CONCLUSION

MUDRA's primary objective is to support and develop the micro-enterprise sector in India by offering financial assistance, particularly in the form of refinance, to address the needs of those who are traditionally underserved. Additionally, the government has tasked MUDRA with responsibilities such as monitoring PMMY data, providing loan guarantees, and other assigned activities. According to the study, most people are already aware of the Pradhan Mantri Mudra Yojana and believe it can contribute to employment generation. To further promote awareness, the government should conduct various awareness programs, including workshops, seminars, and TV interviews, to educate potential beneficiaries about the loan application process and the scheme's benefits.

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