



A STUDY ON AWARENESS OF PRADHAN MANTRI MUDRA YOJANA SCHEME AMONG THE YOUTHS IN IMPHAL WEST DISTRICT, MANIPUR

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ABSTRACT

The unavailability of adequate and timely credit facility is the main problem encountered by MSMEs. With an objective to “fund the unfunded” and enable a small borrower to borrow from the Commercial Banks, MFI, NBFCs and RRBs, the GOI initiated Pradhan Mantri Mudra Yojana scheme to provide loans up to Rs.10 lakh to non-corporate, non-farm small/micro-enterprises. The present research paper aims to study the awareness level of PMMY scheme among the youths. Primary data were collected from 200 respondents through questionnaires in Imphal West District and Secondary data were collected from journals, Mudra websites, magazines, books, newspapers and various other websites, etc. The collected data was entered and analyzed through SPSS 26 and to test the hypothesis, the study used descriptive statistics, Chi-square Test and One-Way ANOVA. The finding of the study shows that there was low level of awareness of PMMY scheme among the youths but more educated young entrepreneurs are aware of PMMY scheme.

Keywords: MSMEs, MUDRA, PMMY, MFI, NBFCs, RRBs.

1. INTRODUCTION

The unavailability of adequate and timely credit facility is the main problem encountered by MSMEs even though they provide employment to more than 12 crore Indians across the country. As per National Sample Survey Office (NSSO) survey (2013) there are around 5.77 crore small/micro units in the country. Over 60% of units are owned by persons belonging to Schedule Caste, Schedule Tribe or Other Backward Classes. Most of these units are outside the formal banking system, and hence are forced to borrow from informal sources or use their limited owned funds.

To bridge this gap, the GOI initiated Pradhan Mantri Mudra Yojana (PMMY) scheme launched by the Hon'ble Prime Minister on April 8, 2015 for providing loans up to Rs.10 lakh to non-corporate, non-farm small/micro-enterprises which are engaged in manufacturing, trading, services and other income generating

activities. These small/micro-enterprises include shopkeepers, fruits/vegetable sellers, hair cutting saloon, beauty parlours, transporters, truck operators, hawkers, co-operatives or body of individuals, food service units, repair shops, machine operators, small industries, artisans, food processors, self-help groups, professionals and service providers etc. in rural and urban areas. These loans are classified as MUDRA (Micro Units Development and Refinance Agency Ltd.) Loan under PMMY. MUDRA Loans are given by Commercial Banks, RRBs, Small Finance Banks, MFIs and NBFC-MFIs.

FUNDING BASED ON STAGES OF GROWTH OF A MICRO UNIT

MUDRA loans are disbursed in three categories as below:

1. SHISHU: Loans up to Rs.50,000. This is the first stage when the business is just starting up.
2. KISHORE: Loans from Rs.50,001 to Rs.5,00,000
3. TARUN: Loans from Rs.5,00,000 to Rs.10,00,000

MAIN OBJECTIVES OF MUDRA BANK

The main objectives of Mudra Bank are:

1. To encourage entrepreneurs and small business units to expand their capabilities and operations,
2. To reduce over indebtedness and
3. To provide formal system of credit.

PURPOSE OF MUDRA LOAN

The purpose of MUDRA Loan is to provide:

1. Business loan for Vendors, Traders, Shopkeepers and other Service Sector activities
2. Working capital loan through MUDRA Cards
3. Equipment Finance for Micro Units
4. Transport Vehicle loans – for commercial use only
5. Loans for Agri-allied non-farm income generating activities, e.g. pisciculture. bee keeping, poultry farming, etc.
6. Tractors, tillers as well as two wheelers used for commercial purposes only.

RESPONSIBILITIES OF MUDRA BANK

The Responsibilities of Mudra Bank are:

1. To Lay down policy guidelines for micro/small enterprise financing business.
2. To regulate and Registration of MFI entities.
3. To accredit/rate MFI entities.
4. To assist the lower income groups to develop and grow their small businesses.
5. To help in increasing the access of finance to the un-banked and to also bring down the cost of finance.
6. To provide access to Institutional Finance for Small Business Units (SBU).
7. To lay down responsible financing practices to prevent over indebtedness, ensuring client protection principles and methods of recovery.
8. To develop standardized covenants governing last mile lending to micro/small enterprises.
9. To formulate and run a credit guarantee scheme for providing guarantees to the loans which are being extended to micro-enterprises.
10. To regulate and refinance all micro-finance institutions (MFIs) which are in the business of lending to micro or small business entities engaged in manufacturing, trading and services activities.
11. To give priority to SC/ST enterprises in lending.

VALUE ADDITION BY MUDRA

1. CREDIT GUARANTEE FUND FOR MICRO UNITS

As announced by the Hon'ble Union Minister for Finance in the budget for FY 2015—16, a separate credit guarantee fund was created for MUDRA loans, with an initial corpus of ` 3000 crore. National Credit Guarantee Trustee Company (NCGTC), managing various credit guarantee funds, was appointed as the implementing agency for Credit Guarantee Fund for Micro Units (CGFMU). The fund was constituted during 2015-16 and the schemes were notified on April 18, 2016 through a GOI gazette notification. To enhance the flow of credit at the ground level, the cover is given on portfolio basis as against individual unit.

2. MUDRA CARD

MUDRA Card is an innovative credit product, 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 an overdraft facility to the borrower. Since MUDRA Card is a RuPay debit card, it can be used for drawing cash from ATM or Business Correspondent or make purchase using Point of Sale (POS) machine and repay the amount, as and when, surplus cash is available, thereby reducing the interest cost. During 2015-16, 5.17 lakh MUDRA cards were issued for an amount of ` 1476.96 crore.

3. MUDRA MITRA

MUDRA MITRA is a mobile phone application available in Google Play Store and Apple App Store, providing information regarding 'Micro Units Development and Refinance Agency Ltd. (MUDRA)' and its various products / schemes. It guides a loan seeker to approach a Banker in availing MUDRA loan under Pradhan Mantri Mudra Yojana (PMMY). Users can also access useful loan related material including sample loan application forms. Value Addition by MUDRA

2. REVIEW OF LITERATURE

Anjesh, H.L. & Veershetty, G.R (2021) concluded that if Mudra scheme is implementing in the right way by providing loans to right person. Mudra scheme will add to well-being of the entrepreneurs engaged in Micro and Small Scale industries which will positively shape the progress of the economy as a whole if implemented as per the priority sector lending schemes to the needy and poor people, it may work as important tool for government for developing nation through financial inclusion and may boost the Indian growth rate of economy.

Sahoo, A.K. & Rani, P. (2019) depict that private banks provide more loans under Shishu category when compared other two categories of MUDRA loans. This is because the loan amounts under Kishore and Tarun categories are much higher, and therefore, riskier to private banks. Furthermore, the analysis of district-wise performance of the PMMY symbolizes that under Shishu category, semi urbanized large districts have the highest number of beneficiaries and amount sanctioned. For the Kishore and Tarun categories, most urbanized and thickly populated districts shares for the largest proportions. But the darker side district-wise performance of the PMMY is that rural and backward districts show extremely no contribution in all the categories of PMMY in Haryana.

Biswas, B. (2019) throws light on performance of Scheme in India and also brings out the comparative performance of the Mudra Yojana in West Bengal with the other states like Tamil Nadu, Karnataka, Odisha and Uttarakhand for a period of four years from 2015-16 to 2018-19. The analysis concludes that people are getting encouraged to develop entrepreneurship by taking initiative to start their own work. It reveals that performance of MUDRA Yojana is successful under Kishor and Tarun categories whereas Shishu category has fallen.

Aravindaraj, K. & Jai, G.B. (2018) find that once, the mass media take up an initiative to reach this program to end customers, the many people take up this loan and yields to avoid the money from usurers. In a densely populated country like INDIA is very difficult to create the enormous jobs to both educated and uneducated people. Instead of creating the jobs, this PMMY is useful to create many entrepreneurs and which yields to create enough jobs especially in a small scale. Once the beneficiaries whom are availed are used this loan to new heights definitely this PMMY scheme would be another way of GRAMIN bank, Bangladesh.

Singh, K.R. (2018) in this the article author concluded that if MUDRA Loans are implemented fairly and effectively with coordinated efforts from all the concerned ministries departments, this new policy of MUDRA Bank and PMMY will certainly be a game changer for industrially backward region.

Agarwal, M. & Dwivedi, R. (2017) concluded that PMMY is a great initiative taken by the GOI. Due to it, there is a big change in the area of micro finance. The scheme will help the weaker section, low income group and unfunded population and also will increase the competition. Financial inclusion through PMMY increases the opportunities for credit requirement and refinance.

The introduction of national plan PMMY with other type of financial inclusion initiative, yield a valuable result. The PMMY conspire is certain to take our country forward to the future. MFIs contributed significantly for the financing women under PMMY.

It perceives that because of dispatch of this plan, monetary consideration has expanded towards positive heading. So, it can be said that if it is implemented properly, it may work as a game changing financial inclusion initiative of Government of India and may boost the Indian economy.

Shahid, M. & Irshad, M. (2016) concluded that the growth of MSMEs will contribute to the development of 'Make in India' initiative. Launching bank like MUDRA will hugely benefit to small manufacturing units and self-employed individuals in rural and urban areas. PMMY scheme will contribute to the well-being of the individuals engaged in small scale industries which will positively affect the progress of economy as a whole. MUDRA creates a vision of formalizing the informal and thereby funding the unfunded. Its role as an apex refiner, providing low-cost finance is likely to be its USP, thereby hoping to fill a yawning gap in India's microfinance space. These measures will greatly increase the confidence of our young educated and skilled workers who are able to become the first-generation enterprises, and existing small businesses will be able to expand their activities. Just as banking the unbanked, MUDRA banks main aim is funding the unfunded.

Asaraf, U.L. & Amulya, M. (2016) concluded that entrepreneurs are not finding anything difference among MUDRA facilities and other existing facilities in terms of availing interest rates and repayment procedures of loan. Hence, it helps in a very smaller extent than expecting and this scheme never meets the existing demands of the entrepreneurs.

3. OBJECTIVES OF THE STUDY

1. To find out the level of awareness towards Pradhan Mantri Mudra Yojana scheme among the youths.
2. To assess the association between the educational qualification of the youths and awareness level of PMMY scheme.
3. To find out the relation between the awareness of PMMY scheme and apply for MUDRA Loan among the youth.

4. HYPOTHESIS

Ho1: There is no association between the educational qualification of the youths and the awareness level of PMMY scheme.

Ho2: There is no significant relationship between the awareness of PMMY scheme and apply for MUDRA Loan among the youth.

5. RESEARCH METHODOLOGY

The collected data is entered and analyzed using the SPSS 26. To analyze the data, the study used descriptive statistics, Chi-square Test and One-Way ANOVA. A simple random sampling method is employed for the study and the data is collected from 200 sample respondents through questionnaires. Secondary data are collected from journals, Mudra websites, magazines, books, newspapers and various other websites, etc.

6. RESULTS AND DATA ANALYSIS

Table No. 1 shows the demographic details of the respondents and the awareness level of PMMY scheme. Out of 200 sample respondents, male respondents constitute 90 and that of female respondents constitute 110 of the sample. Majority of the youths i.e. 85 were 22 to 25 years of age group. Majority 54 youths out of which 32 are male and 22 are female were graduates. It was found that majority 74 of the youths were traders. The study also found that the level of awareness towards Pradhan Mantri Mudra Yojana scheme among the youths is very low.

Table-1 Cross Tab of Gender with Demographic details of the youths and Awareness level of PMMY scheme

| Variable | Group | Gender | | Total |
|---------------------------|------------------|--------|--------|-------|
| | | Male | Female | |
| Age | 18-21 years | 28 | 37 | 65 |
| | 22-25 years | 41 | 44 | 85 |
| | 26-29 years | 21 | 29 | 50 |
| Total | | 90 | 110 | 200 |
| Educational Qualification | Illiterate | 0 | 22 | 22 |
| | Primary | 14 | 22 | 36 |
| | High School | 17 | 23 | 40 |
| | Higher Secondary | 23 | 19 | 42 |
| | Graduation | 32 | 22 | 54 |
| | Post-Graduation | 4 | 2 | 6 |
| Total | | 90 | 110 | 200 |
| Occupation | Manufacturing | 31 | 30 | 61 |

| | | | | |
|---|---------|----|-----|-----|
| | Trading | 23 | 51 | 74 |
| | Service | 36 | 29 | 65 |
| Total | | 90 | 110 | 200 |
| | | | | |
| Are you aware of Pradhan Mantri Mudra Yojana scheme? | Yes | 48 | 40 | 88 |
| | No | 42 | 70 | 112 |
| Total | | 90 | 110 | 200 |
| | | | | |
| Are you aware that PMMY provides loans up to Rs 10 Lakh to Non-Corporate, Non-Farm small/micro enterprises? | Yes | 30 | 22 | 52 |
| | No | 60 | 88 | 148 |
| Total | | 90 | 110 | 200 |
| | | | | |
| Are you aware that these loans are given by Commercial Banks, RRBs, MFIs and NBFC? | Yes | 38 | 25 | 63 |
| | No | 52 | 85 | 137 |
| Total | | 90 | 110 | 200 |
| | | | | |
| Are you aware of the process of taking loan under Mudra Scheme? | Yes | 34 | 23 | 57 |
| | No | 56 | 87 | 143 |
| Total | | 90 | 110 | 200 |
| | | | | |
| Have you ever applied Mudra loan? | Yes | 16 | 11 | 27 |
| | No | 74 | 99 | 173 |
| Total | | 90 | 110 | 200 |

Source: Primary data

7. CHI-SQUARE TEST FOR EDUCATIONAL QUALIFICATION OF THE YOUTHS AND AWARENESS LEVEL OF PMMY SCHEME

Table-2 Frequency, Percentage and Chi-square Test for Educational Qualification of the Youths and Awareness level of PMMY scheme

| Variable | Educational Qualification | Response | | Total | Chi Square | Significance |
|---|---------------------------|--------------|--------------|---------------|---------------|--------------|
| | | Yes | No | | | |
| Are you aware of Pradhan Mantri Mudra Yojana scheme? | Illiterate | 3 | 19 | 22 | 21.074 | 0.001 |
| | | 13.6% | 86.4% | 100.0% | | |
| | Primary | 9 | 27 | 36 | | |
| | | 25.0% | 75.0% | 100.0% | | |
| | High School | 18 | 22 | 40 | | |
| | | 45.0% | 55.0% | 100.0% | | |
| | Higher Secondary | 22 | 20 | 42 | | |
| | | 45.0% | 55.0% | 100.0% | | |
| | Graduation | 32 | 22 | 54 | | |
| 59.3% | | 40.7% | 100.0% | | | |
| Post-Graduation | 4 | 2 | 6 | | | |
| | 66.7% | 33.3% | 100.0% | | | |
| Total | | 88 | 112 | 200 | | |
| | | 44.0% | 56.0% | 100.0% | | |
| Are you aware that PMMY provides loans up to Rs 10 Lakh to Non-Corporate, Non-Farm small/micro enterprises? | Illiterate | 0 | 22 | 22 | 29.747 | 0.000 |
| | | 0.0% | 100.0% | 100.0% | | |
| | Primary | 1 | 35 | 36 | | |
| | | 2.8% | 97.2% | 100.0% | | |
| | High School | 11 | 29 | 40 | | |
| | | 27.5% | 72.5% | 100.0% | | |
| | Higher Secondary | 15 | 27 | 42 | | |
| | | 35.7% | 64.3% | 100.0% | | |
| | Graduation | 21 | 33 | 54 | | |
| 38.9% | | 61.1% | 100.0% | | | |
| Post-Graduation | 4 | 2 | 6 | | | |
| | 66.7% | 33.3% | 100.0% | | | |
| Total | | 52 | 148 | 200 | | |
| | | 26.0% | 74.0% | 100.0% | | |
| Are you aware that these loans are given by Commercial Banks, RRBs, MFIs and NBFC? | Illiterate | 0 | 22 | 22 | 30.518 | 0.000 |
| | | 0.0% | 100.0% | 100.0% | | |
| | Primary | 3 | 33 | 36 | | |
| | | 8.3% | 91.7% | 100.0% | | |
| | High School | 13 | 27 | 40 | | |
| | | 32.5% | 67.5% | 100.0% | | |
| | Higher Secondary | 18 | 24 | 42 | | |
| | | 42.9% | 57.1% | 100.0% | | |
| | Graduation | 25 | 29 | 54 | | |
| 46.3% | | 53.7% | 100.0% | | | |
| | 4 | 2 | 6 | | | |

| | | | | | | |
|---|------------------|--------------|--------------|---------------|---------------|--------------|
| | Post-Graduation | 66.7% | 33.3% | 100.0% | | |
| Total | | 63 | 137 | 200 | | |
| | | 31.5% | 68.5% | 100.0% | | |
| Are you aware of the process of taking loan under Mudra Scheme? | Illiterate | 0 | 22 | 22 | 34.278 | 0.000 |
| | | 0.0% | 100.0% | 100.0% | | |
| | Primary | 1 | 35 | 36 | | |
| | | 2.8% | 97.2% | 100.0% | | |
| | High School | 11 | 29 | 40 | | |
| | | 68.4% | 72.5% | 100.0% | | |
| | Higher Secondary | 18 | 24 | 42 | | |
| | | 42.9% | 57.1% | 100.0% | | |
| Graduation | 23 | 31 | 54 | | | |
| | 42.6% | 57.4% | 100.0% | | | |
| Post-Graduation | 4 | 2 | 6 | | | |
| | 66.7% | 33.3% | 100.0% | | | |
| Total | | 57 | 143 | 200 | | |
| | | 28.5% | 71.5% | 100.0% | | |
| Significant at 5% level of significance | | | | | | |

Source: Primary data

From Table No. 2, it is cleared that the significance (p) value in all the variables is less than 0.05. Hence, the null hypothesis is rejected and alternative hypothesis is accepted. Therefore, the result shows that there is association between the educational qualification of the youths and the awareness level of PMMY scheme.

8. ONE WAY ANOVA

Table-3 Awareness of PMMY scheme vs Apply for MUDRA Loan (ANOVA)

| Age Group | Sum of Square | Df | Mean Square | F | Sig. |
|----------------|---------------|-----|-------------|--------|-------|
| Between Groups | 4.639 | 1 | 4.639 | 49.078 | 0.000 |
| Within Groups | 18.716 | 198 | 0.095 | | |
| Total | 23.355 | 199 | | | |

Source: Primary data

From Table No. 3, significance (p) value being 0.000, it is less than 0.05. Hence, the null hypothesis is rejected and alternative hypothesis is accepted. Therefore, the result shows that there is significant relationship between the awareness of PMMY scheme and apply for MUDRA Loan among youths.

9. FINDINGS

From the analysis it is understood that out of the total of 90 male and 110 female respondents, majority 41 males and 44 females were 22-25 years age group. It indicates that majority of the respondents are young entrepreneurs. Out of 200 respondents, maximum 54 and 42 respondents were Graduate and Higher Secondary holders respectively. It indicates that maximum respondents are educated entrepreneurs. Out of 200 respondents, 74 respondents were trading background, 65 and 61 respondents were services and manufacturing activities respectively. It indicates that majority of the respondents are traders.

Out of 200 respondents, 44.0% of respondents are aware of Pradhan Mantri Mudra Yojana (PMMY) scheme and majority 56.0% of respondents are not aware of PMMY scheme. It is also found that only 26.0% of respondents are aware that PMMY provides loans up to Rs 10 Lakh to Non-Corporate, Non-Farm small/micro enterprises and remaining 74.0% are not aware that PMMY provides loans up to Rs 10 Lakh to Non-Corporate, Non-Farm small/micro enterprises. Again, only 28.5% of respondents are aware of the process of taking loan under Mudra Scheme and majority 71.5% of the respondents are not aware of the process of taking loan under Mudra Scheme. It indicates that the awareness level of Pradhan Mantri Mudra Yojana scheme among the youths is very low.

From the Chi-Square test, it is cleared that there is association between the educational qualification of the youths and the awareness level of PMMY scheme. It indicates that educated young entrepreneurs are aware of PMMY scheme.

From the one-way ANOVA, it is observed that there is significant relationship between the awareness of PMMY scheme and apply for MUDRA Loan among youths. It indicates that the apply for MUDRA Loan depends on the awareness level of PMMY scheme among the youths.

10. SUGGESTIONS

Based on the finding of the study, it is suggested that the Government should organize a country-wide promotion campaign about PMMY scheme through social media such as Radio, Television, Newspaper, Billboards, Transit advertising, etc. and also through Banks and other Financial Institutions so that more potential energetic youths are able to aware of PMMY scheme.

11. CONCLUSION

From the study it can be concluded that if more youths are aware of PMMY scheme, then there will be more beneficiaries of MUDRA Loan and it will contribute to the growth of MSMEs. Moreover, if Government implement PMMY scheme effectively in all the states and launch MUDRA promotion campaign at ground level across the country, then, PMMY scheme can provide employment opportunities to many educated youths and hence, can plays an important role in solving the unemployment problem of our country.

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