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## A Study of Effectiveness of Pradhan mantri Mudra Yojana in Belagavi city

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### **Abstract:**

India has emerging as one of the biggest economies in the world and projected as one of the fastest growing country in the world. In India most of the people are depending upon small scale business as their sources of livelihood. Most of the individuals of India depend on unorganised sectors for loans and other credit facilities which have high rate of interest along with terms and conditions.usually it will lead these people to fall in debt. A prudent fiscal policy and a new thrust to installed projects are key factors contributing to the realization of this present scenario. India having 1.30 billion population, if it does not have vibrant small, medium and micro enterprises to create jobs for the exhausting population, Today micro and medium scale industry provide employment opportunities more than 20% of the working population in India. So it is necessary that this MSME enterprises are provided with Government support in the forms of loan, training, exposure and support in marketing of their products. The major problems faced by small businesses or micro enterprises includes, lack of information, financial illiteracy, lack of financial access and technology barriers, Government of India came up with the PMMY scheme in 2015 to support these enterprises by giving collateral loans to generate entrepreneurship. The Schemes have been successful in providing loans and financial assistance to the MSMEs sector. Also it was found that over 91% of the mudra loans disbursed are below Rs.50000 in shishu scheme In the light of these issues, it is necessary to study and review the effectiveness of PMMY. This study will seek to understand the status of Mudra loans. Such as SHISHU, KISHOR and TARUN. It explores the bank financial performance, Reducing unemployment rate and disbursed amount by the PMMY.

**Keywords:** PMMY, MSME, Finance, MUDRA, livelihood, employment

### **Introduction:**

MUDRA refers to Micro Units Development Refinance Agency, usually extended to individuals who lack access to financial services especially credit. While lending small money started in the late 1980s, microfinance in its current form is less than two decades old. The customers of microfinance are often people vulnerable to mistakes, fraud, and agent commissions due to lack of education, financial knowledge, documents necessary to satisfy banks, or collateral to secure their

loans. Typical customers of microfinance are people who takeout subsistence level livelihoods, such as, small and marginal farmers, wage labourers, hawkers, petty traders, providers of different kinds of services, skilled workers and OAE proprietors. The relevance and suitability of MFIs in serving the tiny requirements of small borrowers for their micro enterprises was further underscored by MUDRA's recognition of their role in extension of credit. MUDRA is expected to serve millions of small borrowers through better governed MFIs offering suitable products at affordable costs and thereby ensure growth and strengthening of the microfinance sector in India. The business domain of MUDRA consists of income generating micro enterprises engaged in manufacturing, trading and services sectors for loans up to Rs.10lakhs. From fiscal 2014-15 micro enterprises involved in activities allied to agriculture too have also been brought within the ambit of PMMY loans. The overdraft amount of Rs.5,000 sanctioned under PMJDY is also treated as part of MUDRA loans under PMMY.

### **Conceptual framework:**

What can the loans taken under the PMMY scheme can be used for?

The loans under this scheme could be availed for the purposes listed below:

1. Car loan
2. Commercial vehicle loan
3. Two-wheeler loan
4. Working capital loan
5. Loan for plant and machinery
6. Revamping the business space

### **Purpose of Mudra Loan**

In general, the mudra loan was set up with a border objective of making the small and micro-scale industry inclusive in business development. However, it also addresses various other purposes which are as follows:

To create laid out directives and principles for business enterprises set at a small scale.

To make a universal registration platform for all small scale business units

To help the small scale enterprises achieve infrastructure and monetary development and growth

To create self-employment opportunities for women and lower-income groups

To create employment opportunities in the rural and suburb areas

To help the lower-income groups of the society set up independent business units

To ensure easy availability of finance and credit for small and medium scale industries

To provide loans to the marginalized and suppressed sections of the society

To regulate various business activities such as trading, manufacturing and production in the small business setups.



### Review of literature:

**KUMAR (2017):** studied the impact of MUDRA Yojana on financial inclusion. The study also covered the products and objectives of MUDRA Bank. The study concluded that the small businesses are form the foundation of economic development need to be strengthened and supported.

**GUPTA (2015):** studied the concept, role, rational and responsibility of MUDRA yojana the study also focused on offerings and functioning of MUDRA Bank. The study concluded that MUDRA will be a catalyst towards mass entrepreneurship development, employment generation and higher GDP growth.

**MAHAJAN (2018)** has concluded that, The MUDRA Scheme is trying its best to improve the status of women and other backward sections of the society especially those who are not well educated and semiskilled. The financial support in the form of various loans encouraging them to start new ventures and thereby empowering them. Its impact in developing a strong economy will be seen in the coming years.

**PRAKASH AND DEVAKI (2018):** it has concluded that, MUDRA Yojan is the most recent scheme to boost up the small and micro business units in India. This scheme has been taken to focus

exclusively on entrepreneurs. This type of scheme will add to the well-being of the individuals engaged in small scale industries which will positively shape the progress of the economy as a whole. MUDRA as a financial tool is found very effective in its early stages across the country.

### **Objectives of study:**

- To know the effectiveness of PMMY schemes and services.
- To study the behaviour of Beneficiaries about MUDRA loans.
- To study the problems faced by people in obtaining the MURA loan.
- To know the business position of beneficiaries in the PMMY scheme.
- To know the awareness of people about different streams of the PMMY like a SHISHU, KISHOR, TARUN.
- To know the employability position of the scheme beneficiaries.

### **Methodology of the study:**

#### **Study Area:**

Belagavi is situated on the northwest of Karnataka state with the population of 4.88000 (2019) here we taken research study on “A Study of Effectiveness of PMMY Scheme in Belagavi city”

#### **Data collection:**

##### **Primary data-**

Data obtained directly from customers to fulfilment a specific purpose like interaction with bank officials and observations etc.

##### **Secondary data-**

This paper study is based on secondary data. The secondary data collected from annuals reports of mudra banks, websites, journals, articles newspapers magazines etc are also collected.

#### **Limitation of the study:**

1. Time constraints while collecting the data
2. All data cannot be generalized

Pradhan mantri mudra Yojana. it has been proposed to fund the units based on the stage of growth and funding needs of an entrepreneur or a micro unit the initial product and scheme have already been created and the interventions have been named SHISHU, KISHOR and TARUN.

### **Findings and suggestions:**

- Majority of respondents are aware about the availability of different loan schemes and services. It would be seen that among the 66 respondents 93.51% are aware about the PMMY scheme and 6.49 % are unaware of the scheme.

- In Belagavi city, people behaviour on PMMY scheme is more over while compared to other city almost 89.25 % respondents were getting loan from this scheme people having positive behaviour on this scheme.
- The objectives found that the 89.33 % respondents behaviour on MUDRA loan is very high because all beneficiaries are satisfied with the schemes of MUDRA
- Through the survey it is found that, still people expect concessions and prompt payment in 66 respondents 57.55 % of respondents expect in repayment of loan.
- Few Respondents found that difficulties to get the loan sanctioned.
- The study says that 73 % wish to expand their business and 27 % respondents don't want to expand the business.
- 79 % of the beneficiaries have used a MUDRA loan for the start-up business it says that people are getting employment security.

#### **Suggestions:**

- ❖ The level of providing services should be improved, so that the customers get delighted by the services provided.
- ❖ Number of visits of customers to avail loans should be reduced to a significant level so that customers do not switch to other competitors.
- ❖ The bank should provide concessions in repayment of loan those who are regular
- ❖ Banks and Government should take interest in popularizing PMMY scheme through the various effective promotional activities.

During the survey most of the customers have been said that they found it difficult to get loan sanctioned. So they suggested that there should be some leniency in sanctioning loans and allow them to submit documents later.

#### **Conclusion:**

To conclude this discussion, the banking industry plays a very important role in development of Indian economy. And also banks mobilize the small savings of the people and make them available for productive purposes, Nationalised bank gives a Mudra loan which is offered by Government of India under PMMY, it was very helpful to people to start their own business in their own villages. In major findings Mudra loan is preferred by most of the people because beneficiaries are satisfied with the amount of loan given under PMMY scheme and also they get good revenue in their business. Financial institutions should take interest in popularizing the MUDRA Loan Scheme through various promotional activities. This study has helped a lot of understanding the concept of "A STUDY OF EFFECTIVENESS OF PMMY IN BELAGAVI CITY" The study With Reference to Belagavi city". PMMY Scheme is an

important aspect which helps in increasing the profits of the banks, and gives the profit to the beneficiaries and also it leads to elimination of unemployment and poverty in India.

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