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Mudra Yojana: A Catalyst in Promoting Women Entrepreneurship

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Abstract:

Out of total population of India nearly 50% constitutes women population but when it comes to the employment rate and entrepreneurship the women's participation rates or the opportunity available to them is very less. Since women comes under the vulnerable section among the population, careful attention or due importance should be given to them to come out of the vulnerability in terms of economic, political and social and lead an independent life. Women empowerment can be achieved only when they are economically and financially independent. To be economically and financially independent they need a special care and support system in terms of infrastructure like banks, markets etc. the support system from government, civil society, self-help groups, women associations, non-government organization plays a crucial role for the upliftment of women from all vulnerability and encourage her to take active participation in economic activity like entrepreneurship. The mention of one central government scheme called Mudra Yojana which is promoting women entrepreneurship tremendously in terms of year on year number of women account opened and loans sanctioned to them is the point of discussion.

Keywords: Banks, Women Entrepreneurship, Mudra Scheme, Interest Subvention.

INTRODUCTION

Financial inclusion was one of the main objective of the government of India and to achieve this milestone the **Honorable Prime Minister of India Narendra Modi** announced the Mudra and PMMY scheme in the year 2015 in the historical event. To finance the unfinanced micro enterprises this scheme was launched. Due to the lack of access of credit to the micro and small business sectors from the formal financial system, these sectors were borrowing money from the informal financial source at the exorbitant interest rate which was driving these micro entrepreneurs to the vicious cycle of debt trap and out of business and economic activity. The interest rate charged on the mudra Yojana loan is at reasonable price and it is collateral free loan given to the non-corporate, non-farm micro and small business sector up to 10 lakhs rupees. Mudra loan is segmented into three parts and

they are **SHISHU, KISHORE & TARUN**. UNDER Shishu category up to 50,000 rupees is sanctioned, under Kishore category rupees 50,000 to 5,00,000 rupees is sanctioned and under Tarun category rupees 5,00,000 to 10,00,000 rupees is sanctioned The major beneficiaries of this schemes are **OBC/SC/ST/WOMEN** entrepreneurs. This scheme is a boon to the vulnerable section of the society who desires to be an entrepreneur. Out of the total beneficiaries, women receive the major share in the scheme which is almost more than 50% and under Shishu category the number of accounts opened and loan sanctioned to women was more than 60% which is a good sign that women's are becoming entrepreneurs and playing in the main stream economic activity along with men. To assist the micro entrepreneurs to come out of the tide of difficulties in the times of Covid and lockdown the government has announced interest subvention scheme of 2% on Shishu scheme beneficiaries.

Mudra Yojana is mainly acting like a catalyst in promoting the women entrepreneurship in India in terms of number of accounts opened and loans sanctioned to women entrepreneurs. Interestingly the status of women in India in terms of economic and financial aspect is different and miserable. Out of total population in India, women constitute almost 50%, though they are equal to men in terms population, their participation to employment is very less and the opportunities available to them is also very less. As per few reports the women in labour force participation is 27.2% which is less than men. The contribution of women to the GDP remains at 18% as per the report of times of India and India ranks 120 among 131 countries in female labour force participation rates (economic times). When India is compared to china, it is surprising to know that women labour participation is 40% in china which is far ahead than India and reaping the economic benefit. The world bank says that India could boost its growth by 1.5% to 9% per year if around 50% of women could join work force (world banks women in India's economic growth).

In India women are recognized as vulnerable section of population who are exploited and deprived of their rights in this patriarchal and male dominated society. So in order to give their rightful shares and empower them the government comes out with the various schemes to lift them out of this all odds and in that one of the scheme is mudra Yojana which gives collateral free loans to women's to become an entrepreneur and become economically and financially independent. The importance of women empowerment is enshrined in our Indian constitution itself under various articles and provisions. Article 14 of the Indian constitution speaks of right to equality and it is right of the women to be treated equally on par with the men. Article 19 of the constitution speaks of six rights and one of it is freedom of profession, that is anyone can start any profession which is legal in India and so can the women. Article 21 of the constitution speaks about right to live a dignified life. These are fundamental rights and are guaranteed. But there are other parts of the constitutions like directive principle of state policy and fundamental duties which are not enforceable in the court of

law but speaks in length about providing an adequate means of livelihood for all citizens and equal pay for equal work under article 39 of the constitution and lastly article 51A of the constitution says that it is the duty of every individual to renounce practices derogatory to the dignity of women. Despite having all this provision in the constitution we are still lacking in bringing the women to the main stream economic activity and be independent in leading the dignified life. But the hopes come from the schemes like mudra Yojana which is changing the way of women's life in terms of economic activity and she becoming the boss of her own firm and creating employment opportunity to others.

In the year 2015-16 the scheme sanctioned rupees 1.33 lakh crores to nearly 3.48 lakh borrowers and as of march 26, 2021 loans sanctioned by the member institution amounts to rupees 15.10 lakh crore to 28.81 crore beneficiaries (department of financial service, finance ministry) in the last six years. Mudra card is available to the beneficiaries and also over draft facility in availing the working capital requirements. Member lending institutions are major players in this scheme who lend loans to the eligible beneficiaries and they are banking institutions, non-banking institutions, small finance banks.etc. The major beneficiaries under this schemes are beauty parlors, barbers, potters, fitness clubs, street vendors, petty shops, cloth shops, tailors, weavers, garment shops etc...

LITERATURE REVIEW:

(B.S, (February. 2018)) The women entrepreneurs are facing so many problems like marketing, decision making, balancing personal and professional life, access to credit, cut throat competition etc. and the government is addressing few problems to bring women to the mainstream as entrepreneur which contribute to their development as well as economic development. (Ajay Kumar SALGOTRA, (2021)) the study was conducted in Jammu and Kashmir to ascertain the relationship between access to finance and reduction of poverty and it was found to have positive result, mudra Yojana which is access to credit for the unbanked is reducing poverty. (Kumar, 2019) funding the unfunded is the main objective of mudra Yojana and in fact it is giving the positive result because earlier unregistered and informal sector were not getting formal credit but by this scheme they are also benefiting. (Mahajan, 2019) study was conducted in Maharashtra to review the mudra Yojana and it was found that the share of women in Shishu category is 75% and the number of accounts opened by women under this category is 95.78%.

OBJECTIVE:

1. To study the mudra Yojana and its efforts in promoting the women entrepreneurship.
2. To evaluate the components of mudra Yojana which is more beneficial to women's.

RESEARCH METHODOLOGY:

The study is based on the descriptive research using the secondary data from Mudra website, annualaccounts of mudra Yojana, magazines, newspapers etc. the data for this study is from 2016 to

2020 Women beneficiaries under the mudra scheme. Statistical tools like bar graph, charts and averages has been used to elucidate the objective.

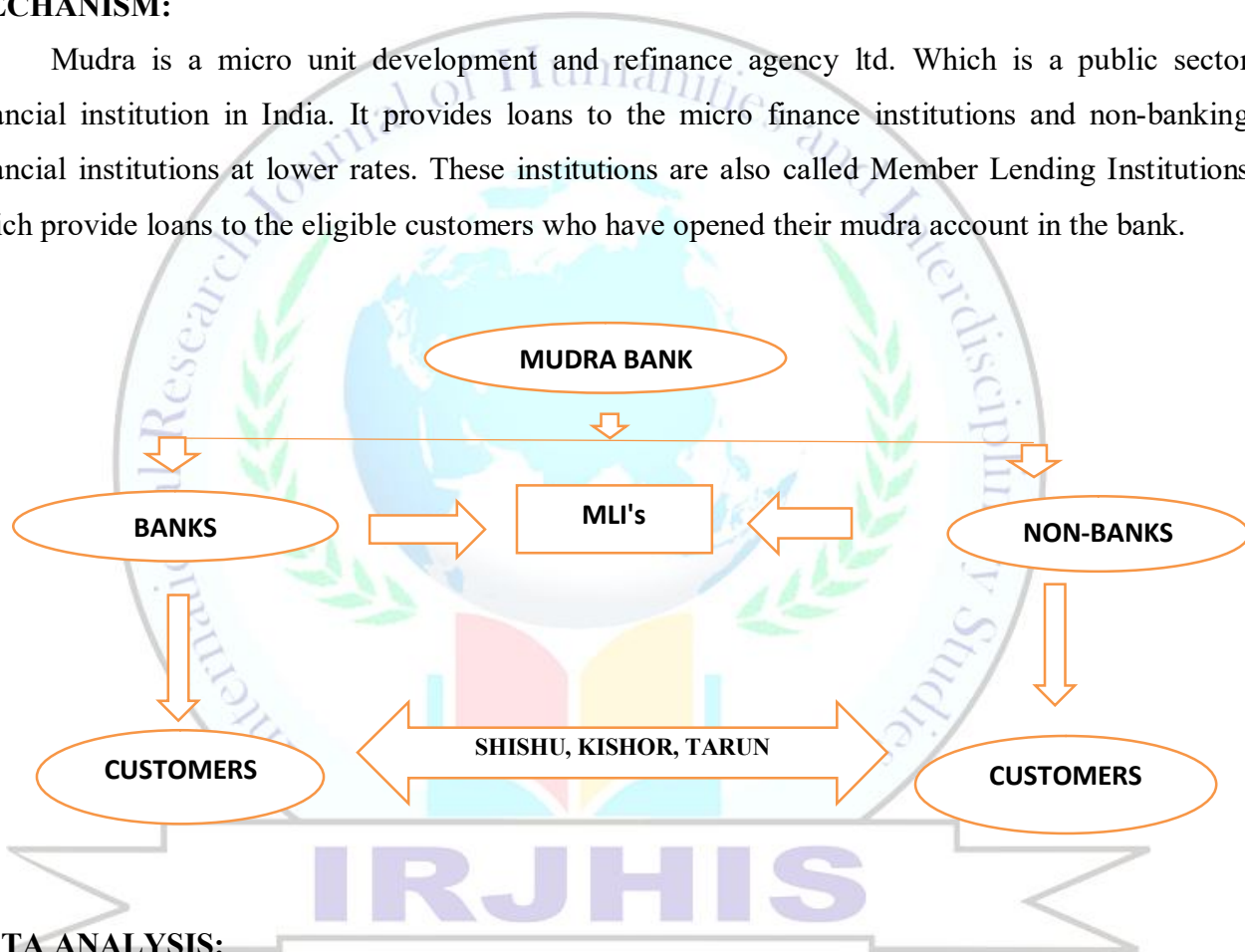
COMPONENTS:

The components of mudra Yojana are Shishu, Kishore and Tarun which are classified based on total quantity of amount to be sanctioned. Under this mudra card is also available to the borrowers.

Components of Mudra Yojana		
SHISHU	KISHOR	TARUN
up to 50000	50,000 - 5,00,000	5,00,000 - 10,00,000

MECHANISM:

Mudra is a micro unit development and refinance agency ltd. Which is a public sector financial institution in India. It provides loans to the micro finance institutions and non-banking financial institutions at lower rates. These institutions are also called Member Lending Institutions which provide loans to the eligible customers who have opened their mudra account in the bank.



DATA ANALYSIS:

Micro unit development agency publishes annual data of mudra beneficiaries and mudra accounts in its official websites for all the stakeholders concerned. Data's are classified elegantly in terms of region wise, state wise, gender wise, caste wise (OBC, SC & ST), bank wise.etc. data are also classified in terms of performance wise also. Below mentioned data is the extracted data from the annual report of mudra official website and only women beneficiary's data's are extracted for the analysis purpose.

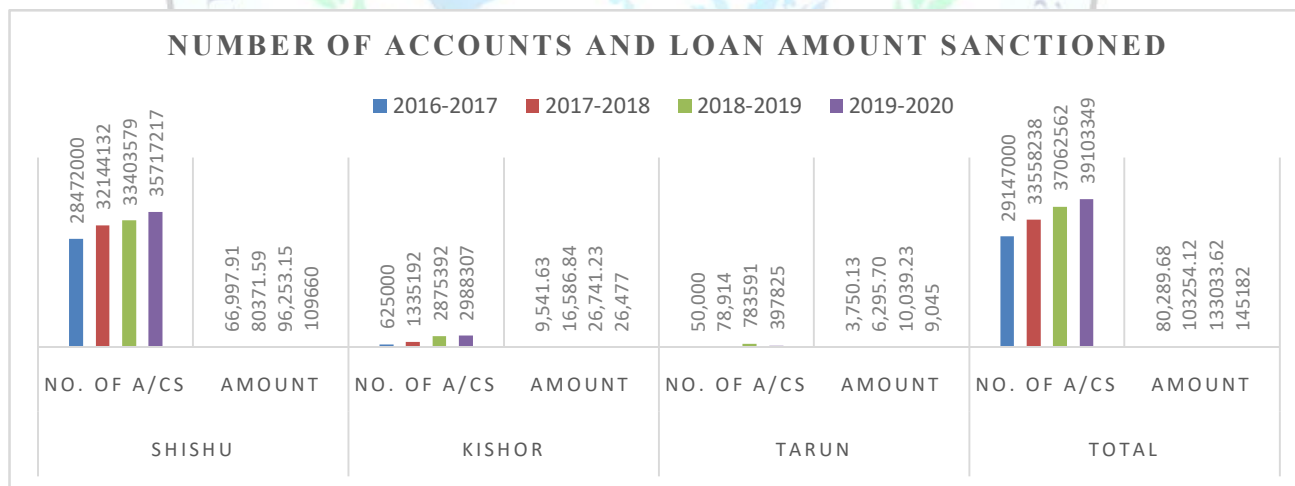
CHART- 1

WOMEN BENEFICIARIES								
Category/ years	SHISHU		KISHOR		TARUN		TOTAL	
	No. of A/Cs	Amount (crores)	No. of A/Cs	Amount (crores)	No. of A/Cs	Amount (crores)	No. of A/Cs	Amount (crores)
2016-2017	2,84,72,000	66,997.91	6,25,000	9,541.63	50,000	3,750.13	2,91,47,000	80,289.68
2017-2018	3,21,44,132	8,03,71.59	13,35,192	16,586.84	78,914	6,295.70	3,35,58,238	1,03,254.12
2018-2019	3,34,03,579	96,253.15	28,75,392	26,741.23	7,83,591	10,039.23	3,70,62,562	1,33,033.62
2019-2020	3,57,17,217	1,09,660	29,88,307	26,477	3,97,825	9,045	3,91,03,349	1,45,182

SOURCE: MUDRA YOJANA (ANNUAL REPORTS)

The data mentioned above is from the period of 2016-17 to 2019-20. Only women beneficiaries’ data are taken to analyze whether there is an increase in the number of beneficiaries and number of accounts opened under this mudra scheme from year on year. The data reveals the interesting fact like there is an increase in the number of beneficiaries from 2016 to 2020. And out of the total beneficiaries of the schemes the major beneficiaries are women entrepreneurs that is more than 50%. And also interestingly the number of accounts opened under the scheme is also increasing year on year which is creating a positive environment towards the women’s development in terms of being an entrepreneur and being economically and financially independent.

The data is represented graphically below to give us the clearer picture of different categories of loan account opened and total amount of money sanctioned.



From the graph above we get a clearer understanding on number of women account holders increasing year on year from 2,84,72,000 accounts in 2016 to 3,57,17,217 accounts in 2020 under Shishu scheme. Under Kishor scheme number of account opened is from 6,25,000 accounts to 2988307 accounts in 2020. And from Tarun scheme number of beneficiaries has increased from 50,000 in 2016 to 3,97,825 in 2020. Hence there is a positive growth rate from 2016 to 2020 in terms of all categories of loan accounts opened. From the above data and the graph, it is very clear that the

total amount sanctioned and number of accounts opened is much greater in Shishu category loans than other two category of loans.

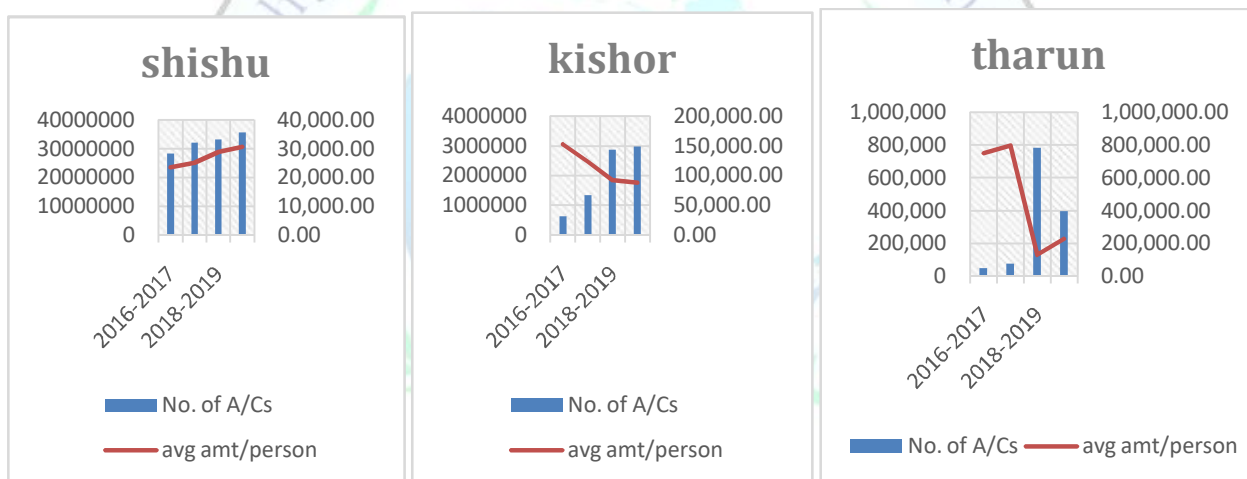
Below chart represent the number of accounts opened by the women entrepreneurs and the average amount received per borrower under each category of laons.

CHART- 2

WOMEN BENEFICIARIES						
Category/	SHISHU		KISHOR		THARUN	
Year	No. of A/Cs	Avg Amt/Person	No.of A/Cs	Avg Amt/Person	No.of A/Cs	Avg Amt/Person
2016-2017	28472000	23,531.00	625000	152,666.00	50,000	750,026.00
2017-2018	32144132	25004	1335192	124,228.13	78,914	797,792.53
2018-2019	33403579	28,815.00	2875392	93,000.29	783591	128,118.24
2019-2020	35717217	30702	2988307	88,602	397825	227,361

SOURCE: SECONDARY

DIAGRAM - 2



SOURCE: SECONDARY

From the above chart and graph it is evident that under shish category borrowers the average amount per person received is 23,531 in 2016 to rupees 30,702 in 2019 and there is an increase in the average amount received by the borrowers from year on year despite increase in the number of accounts opened. Hence, under three category of mudra Yojana, the shish category is performing tremendously for women entrepreneurs. The other two category of loans under mudra, that is Kishor and Tarun there is drop in the average amount received per person from 2016 to 2019. Therefore, shishu scheme is a boon to the women entrepreneurs to start their own business become independent financially and economically.

KEY FINDINGS:

- Year on year there is an increase in women entrepreneurs since its inception.
- Majority of the women beneficiaries comes under Shishu category.

- Number of accounts opened by the women beneficiaries increased from 2,91,47,000 in 2014 to 3,91,03,349 in 2019.
- The average amount dispersed per person under Shishu category women beneficiaries increased from 2014 to 2019.
- Unlike other categories like Kiran and Tharun the Shishu categories women beneficiaries average amount dispersed per person increased gradually.

ADVANTAGES OF MUDRA YOJANA TO WOMEN ENTREPRENEURS:

- Collateral free-loans.
- Reasonable interest rate.
- Interest subvention of 2% is available to shishu category borrowers.
- Funding the unfunded (unregistered/informal business sectors can easily avail this fund).
- Mudra card to meet their working capital requirements.
- Loans are classified based on the OBC/SC/ST/WOMEN which determines their status and helps government to take appropriate measures.
- Increase in the number of entrepreneurs.
- Creating the employment opportunity
- Economic and social status of women is increasing
- Women's are becoming independent economically and financially
- Standard of living of women is increasing

SUCCESS STORIES:

1. Name: Pooja Goyal

Bank: SBI

State: MP, Bhopal

Loan amount: 3,00,000.

A woman from Madhya Pradesh became a successful entrepreneur by starting a fitness club like Zumba fitness class. The woman who was fat learned the Zumba to put down her weight and indeed she was successful in reducing her weight and then a thought struck in her mind that since she was good at Zumba training why she should not be certified in Zumba and start her own class and her dream came true by availing the loan from the SBI bank and today she is a successful entrepreneur.

2. Name: Sona Devi

State: Rajasthan, Bikaner

Bank: Digambar finance

Loan amount: 30,000.

Sona Devi a woman from Rajasthan started a beauty parlor for women by availing loan from Digambar finance. She was poor earlier, but now she earning some money and became financially independent and leading a happy life.

3. Name: Charanjeet Kaur

State: Punjab, Bathinda

Bank: mid land micro finance ltd.

Loan amount: 30,000.

A woman from Punjab who was good at tailoring had only one machine, but after learning from her friends and neighbor she got to know about the collateral free loan under mudra Yojana and she opened the account and borrowed loan under shishu category and purchased three more machines, and today she is earning good and also have employed two laborers.

4. Name: Kamaesh Kumari

State: Delhi

Bank: HDFC

Loan amount: 25,201

Kamaesh who was very poor and because of her poor economic background she could not able to go to school, but seeing others she always had desire to do something. She learnt about mudra Yojana which is collateral free loan she availed this facility and started garment business and now she is employing 3 women's. Her economic life has improved and she is sending her two children's to good schools.

5. Name: Pavithra Sharma

State: Delhi

Bank: ICICI

Loan amount: 5,60,600

Sharma was working for others, but later on she started her own milk and water transportation business and she was successful and earning profit. Later she wanted to improve her business so she availed loan from the bank under mudra Yojana under Tarun category and purchased a own vehicle for transportation and now she employs 9 workers and she is willing to give her small entity the company status.

This is how many women have benefited of the mudra scheme where their economic and financial conditions have improved and this is leading their social status to be also improved.

CURRENT DEVELOPMENTS:

Interest subvention scheme is one of the government initiative to help the borrowers (Shishu) under the mudra Yojana to help them come out of the financial difficulties during these emergencies like pandemic time which is depriving the small entrepreneurs to stand on their foot and

be a successful entrepreneur. Interest subvention scheme basically refers to the loans which are issued at the subsidized interest rate, example: if interest rate is 8% for Shishu loans, with the interest subvention scheme the loan will be issued at 6% to the borrowers. Under the scheme there is an interest subvention of 2% which is given only to Shishu category borrowers. All the member lending institutions (MLI's) of mudra Yojana are eligible to apply for this by filing the **Annexure III** form which is issued by the SIDBI. SIDBI is the authorized designated nodal authority to implement this interest subvention scheme. Under this scheme interest subvention of 2% is given for the period of 12 months provided that they should have good track record of prompt repayment and no NPA's. all the MLI's should submit the data on the PMMY Portal of their mudra loans.

It is the responsibility of MLI's to inform the borrowers about this scheme available only to Shishu category borrowers. All the submitted claims of MLI must be duly certified and counter signed by the MLI's statutory auditors or independent chartered accountant. Lastly the SIDBI will release fund against the MLI's claim subject to availability of funds from GOI (department of financial service, ministry of finance).

This scheme is mainly introduced to help small business entity to come out of the tide of difficulties faced by the **Covid lockdown** and it was announced in line with the **AtmaNirbar Abhiyan**. The estimated cost of the scheme would be approximately **1,542 crores** (dristi magazine). The interest subvention scheme will be a boon to the women entrepreneurs, since majority of the beneficiaries under the category of Shishu loans are women's. and this scheme is available only to Shishu loan borrowers.

CONCLUSION:

Women's are the important pillar for the economic development of the country. If women are given opportunities and certain facilities she would blossom like a flower and spread the fragrance to others. Her participation in employment brings new skills and expertise which helps the business to be competent in the market. The successful entrepreneurs like Kiran Mujumdar Shaw the founder of Biocon and few others are example where women is no less than men and she can do wonders. The government is giving hand holding support to the women entrepreneurs by providing financial facility and other supports like counselling, training, skilling etc. but still more need to be done like reserving certain business to women's only and also certain percentage of loans should be disbursed to women entrepreneurs in all the category of mudra loans.

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