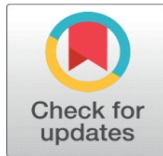
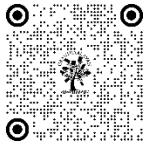


MUDRA SCHEME IN PUNJAB: AN ANALYSIS

Dr. Kuljeet Kaur¹

¹ Assistant Professor PG Department of Commerce and Management PCM SD College For Women Jalandhar



Corresponding Author

Dr Kuljeet Kaur,

kuljeet397@gmail.com

DOI

[10.29121/shodhkosh.v4.i2.2023.3798](https://doi.org/10.29121/shodhkosh.v4.i2.2023.3798)

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

Copyright: © 2023 The Author(s). This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

With the license CC-BY, authors retain the copyright, allowing anyone to download, reuse, re-print, modify, distribute, and/or copy their contribution. The work must be properly attributed to its author.



ABSTRACT

India has large potential for developing start-ups due to presence of hardworking, competent and skilful youth in the country. Start-ups are small enterprises/businesses started by some individual or group of individuals to materialise some of their viable business idea. But the start-up founders may face challenges like risk factors, India's inadequate infrastructure and obtaining timely and sufficient funding.

The Government of India's MUDRA initiative is greatly helpful for lending money to these kinds of enterprises. Under MUDRA Scheme loan up to Rs. 10 lakh is provided to non-corporate, non-farm small/micro businesses. So main aim of this paper is to analyse progress of Mudra Scheme in Punjab by evaluating the number of accounts that have been opened under the scheme and how much loan amount has been sanctioned and dispersed over the years. Although Punjab saw a growth in the number of accounts registered under the Mudra plan throughout the period, a closer examination of the data and statistics presented in the paper and the comparative analysis of accounts opened in Punjab and national level highlight that Punjab shares a very small number of accounts opened under the scheme

Keywords: MUDRA, Start-up, Accounts, Loan Sanctioned, Loan Disbursed.

1. INTRODUCTION

India is home to numerous great legends who are well-known throughout the world for their hard work, keen mind, and exceptional skills. Youth in India are extremely talented, highly competent, and full of inventive ideas. However, they do not have the opportunity because of a lack of strong support, lack a properly developed business plan and, more critically, adequate finance to proceed to the next level of development. As a result, on January 16, 2016, the Government of India established the "START UP INDIA STAND UP INDIA" plan to assist India's youth in moving in the right direction by implementing new and innovative ideas. This plan was developed to encourage and promote new entrants into industry, thereby growing their careers and the country's economy. This scheme is a great start in enabling start-ups to deploy their unique ideas in the proper direction by providing financial support. Basically, Start-ups are enterprises or ventures that focus on a specific product or service that are being created by the promoters. There are numerous prospects for start-up entrepreneurs in India. Textiles, media, the health sector, event planning, tourism, and automobiles are some of the important areas. However, in addition to opportunities, start-up entrepreneurs may encounter problems such as infrastructure deficits in India, risk factors, and acquiring the right talent and timely and adequate finance.

For providing finance to such enterprises the Government of India's MUDRA scheme is very much favourable. Pradhan Mantri MUDRA Yojana (PMMY) is a scheme launched on April 8, 2015, to provide loans of up to Rs. 10 lakh to non-corporate, non-farm small/micro businesses. These loans are listed as MUDRA loans in PMMY. Commercial banks, RRBs, small finance banks, MFIs, and NBFCs all provide these loans. The borrower can approach any of these lending institutions or apply online at www.udyamimitra.in for getting the loan. Under the auspices of PMMY, MUDRA has developed three products: 'Shishu', 'Kishore', and 'Tarun' to represent the stage of growth / development and finance requirements of the beneficiary micro unit / entrepreneur. Under the 'Shishu' category the loans are provided upto Rs. 50,000 to the needy. Under the 'Kishore' Category the loans between Rs. 50,000 and 5,00,000 are disbursed whereas the 'Tarun' category sanction loans above Rs. 5,00,000 and upto Rs. 10,00,000.

OBJECTIVE OF THE STUDY

To evaluate the progress of MUDRA scheme in Punjab

METHODOLOGY

The paper is based on the secondary information retrieved from various research journals and websites. The secondary data regarding the number of accounts opened, amount of loans sanctioned and disbursed under the MUDRA scheme from the year 2016-17 to 2022-23 has been collected from online resources i.e. MUDRA Portal. Simple percentage, Growth rate percentage and graphs are used to analyse the development rate of Mudra scheme in Punjab

ANALYSIS OF MUDRA SCHEME IN PUNJAB

The government is aware of the significant funding gap required for the expansion of the country's small and medium-sized businesses. Therefore, schemes like MUDRA Loan Scheme, can help clients obtain loans based on their specific needs. This scheme offers security-free loans to the aspirants. This scheme aims to provide low-interest microloans to small-scale emerging entrepreneurs. Additionally, it provides tax advantages for the first three years of operation. MUDRA Ltd. was established under the Pradhan Mantri MUDRA Yojana to facilitate the creation and funding of microloans in various states. The analysis of MUDRA Scheme in Punjab has been done by studying the number of accounts opened under this scheme, the amount of loan sanctioned and disbursed during various years.

Number of Accounts Opened

MUDRA aims to finance the non-corporate small business sector through a variety of Financial Institutions, including Banks, Non-Banking Finance Companies (NBFCs), and Micro Finance Institutions (MFIs). So, to avail the benefits of Mudra loan any Indian citizen who plans to start small business and who is not defaulter of any kind must open a bank account under mudra scheme. They must approach the Banks, NBFCs or MFIs or apply online for getting their accounts opened. The number of accounts opened under Mudra Scheme as well as percentage growth rate in number of accounts opened in Punjab from time period 2016-2017 to 2022-23 is depicted in Table 1 and Figure 1.

Table 1: Number of MUDRA Accounts in Punjab

Year	Number of Accounts	Growth Rate (Percentage)
2016-17	705569	--
2017-18	819836	16.20
2018-19	1182936	44.29
2019-20	1281307	8.32
2020-21	1094143	-14.61
2021-22	1109810	1.43
2022-23	1259891	13.52

(Source: www.mudra.org.in)

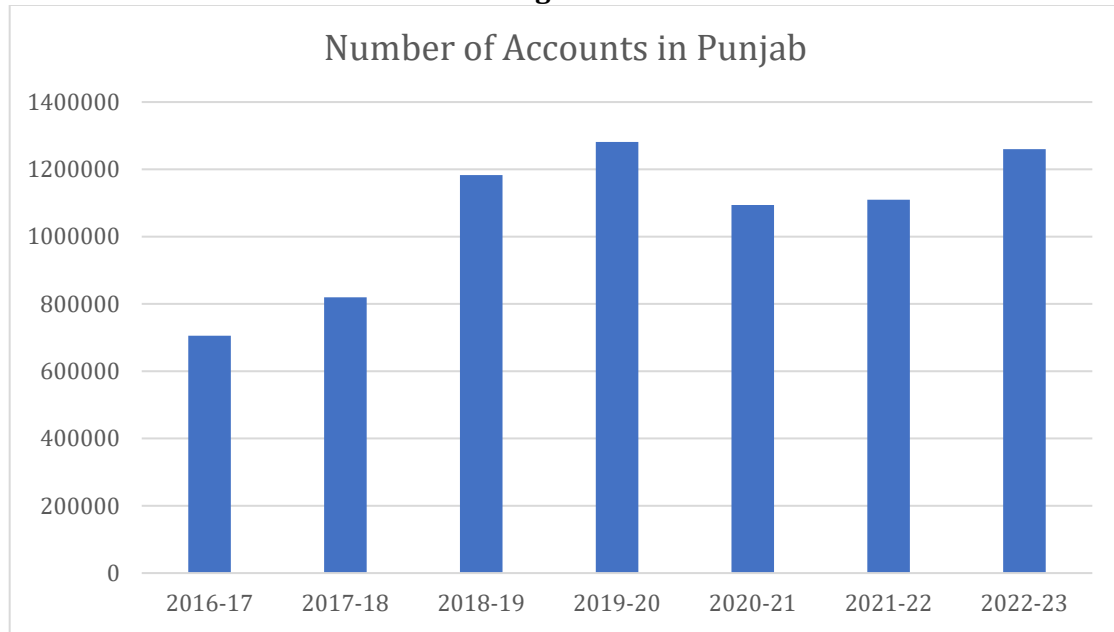
Figure 1

Table 1 depicts that the number of accounts opened under Mudra scheme in Punjab rise from 705569 in 2016-17 to 1259891 in 2022-23. Further the figures show a rising trend in number of accounts opened from 2016-17 to 2019-20 but the year 2018-19 show the highest growth rate of 44.29 percent as compared to previous year. The number of accounts opened were increased from 1182936 in 2018-19 to 1281307 in 2019-20 but this growth rate is just 8.32 percent which is much less than growth rate of previous year which was 44.29 percent. The year 2020-21 has shown a declining trend in growth rate of number of accounts with -14.61 percent growth rate. After 2020-21 the number of accounts again started showing the positive trend as shown in Table 1 as well as depicted in Figure 1. The reason of declining growth of accounts may be due to backdrop of COVID pandemic.

Amount of Loan Sanctioned and Disbursed in Punjab

The mudra loan is sanctioned after properly analysing the eligibility of the applicant. The applicant must have a viable business plan and a good credit history. Once the bank is satisfied with the creditworthiness of the applicant, the loan is sanctioned as per the need of the applicant and as per the category of the applicant's business ('Shishu', 'Kishore', and 'Tarun'). Once all the formalities are completed the loan amount is disbursed to the bank account of the applicant.

Table 2: Amount of Loan Sanctioned and Disbursed in Punjab

Year	Sanctioned Amount (Rs. in Crore)	Disbursement Amount (Rs. in Crore)
2016-17	4640.84	4512.28
2017-18	6723.82	6524.12
2018-19	8282.79	7975.54
2019-20	8882.27	8605.75
2020-21	7413.44	7065.11
2021-22	8179.96	7926.06
2022-23	11055.03	10766.37

(Source: www.mudra.org.in)

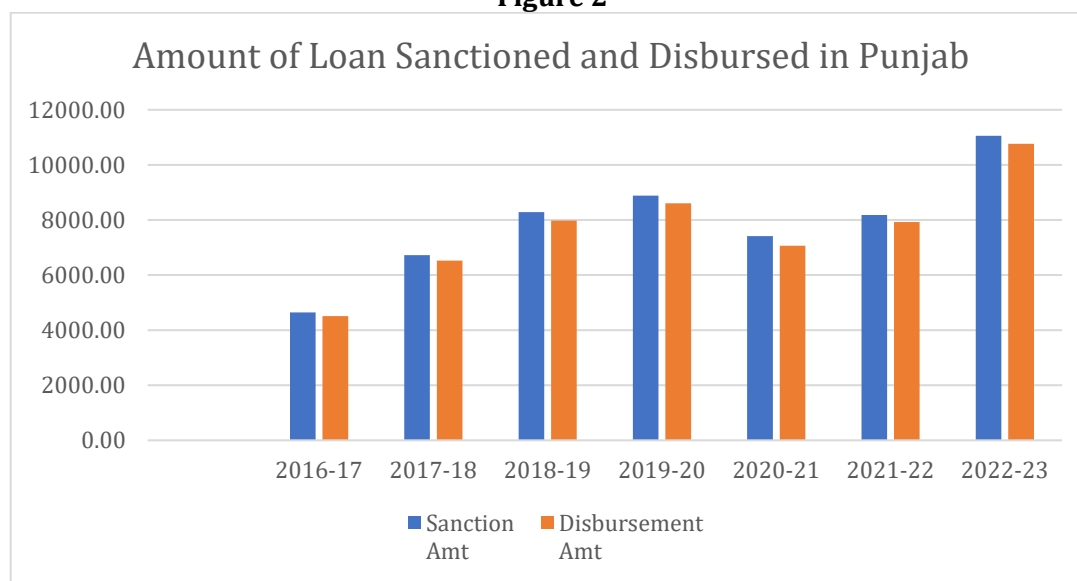
Figure 2

Table 2 shows that the amount of loan sanctioned and disbursed in Punjab in 2016-17 under mudra scheme was Rs. 4640.84 crore and Rs. 4512.28 crore respectively whereas the figure of loan sanctioned and disbursed rose to Rs. 11055.03 crore and Rs. 10766.37 crore respectively in the year 2022-23. The overview of Figure 2 makes it clear that amount of loan sanctioned and disbursed under Mudra scheme in Punjab has shown an overall growth from the year 2016-2017 up to year 2022-23. The year 2020-21 is the only year in which there is negative growth rate of loan sanctioned and disbursed which may again due to a smaller number of accounts opened during this year due to COVID pandemic. If we do the comparative analysis of loan sanctioned and disbursed during various years, we can analyse that during all the years the amount of loan disbursed is less than the amount sanctioned. It makes it clear that may be due to some reasons like non-compliance of formalities, some percentage of loan sanctioned remain undisbursed.

Number of Accounts opened at National level and in Punjab

To analyse the progress of MUDRA Scheme in Punjab it is necessary to comparatively analyse the growth pattern of scheme at national level and at Punjab level. This comparative analysis regarding the number of accounts opened is given in Table 3 and Figure 3.

Table 3: Number of Accounts opened at National level and in Punjab

	National Total	Punjab Total	Percentage of accounts in Punjab to National Total
2016-17	39701047	705569	2%
2017-18	48130593	819836	2%
2018-19	59870318	1182936	2%
2019-20	62237981	1281307	2%
2020-21	50735046	1094143	2%
2021-22	53795526	1109810	2%
2022-23	62310598	1259891	2%

(Source: www.mudra.org.in)

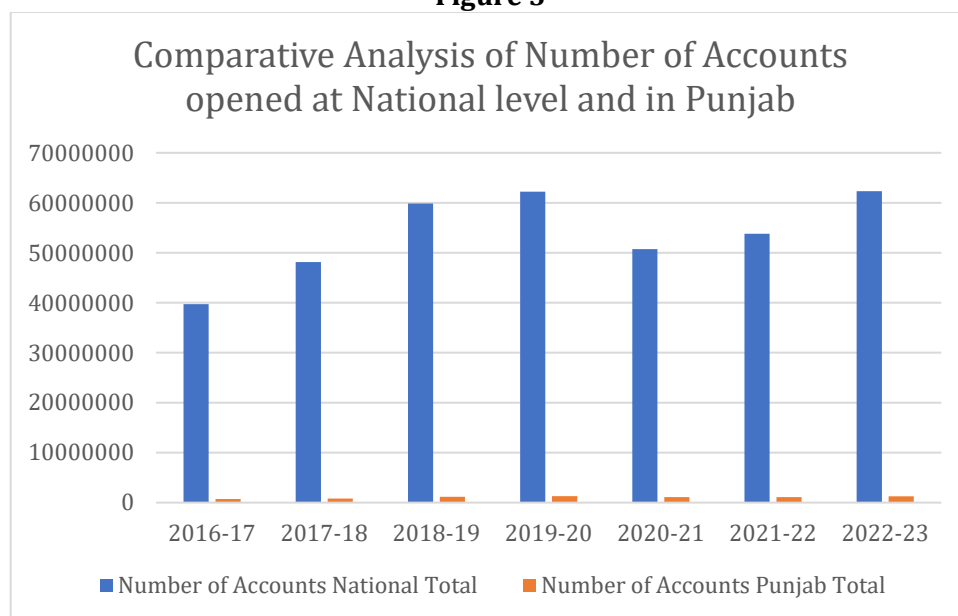
Figure 3

Table 3 depicts the Number of Accounts opened at National level and in Punjab. It is evident that Punjab has only 2% share of accounts as compared to accounts opened at national level in all the years from 2016-17 to 2022-23. This thing is also very clear from Figure 3 that Punjab has got a very low percentage of accounts as compared to national total which is a matter of concern.

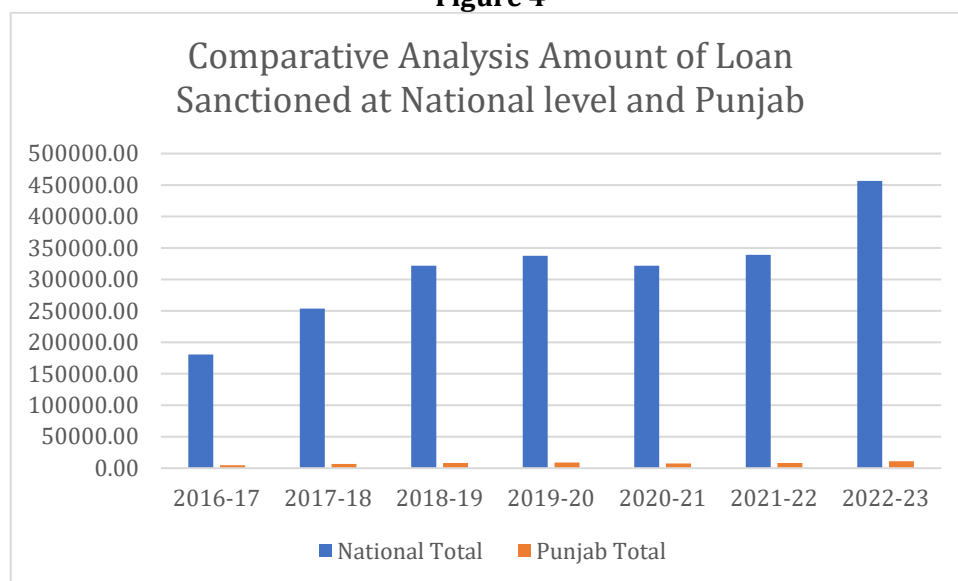
Amount of Loan Sanctioned at National level and in Punjab

Similarly, the amount of loan sanctioned both at national level and at Punjab level have been analysed in the following table and figure.

Table 4: Amount of Loan Sanctioned at National level and Punjab

	Sanctioned Amount (Rs. in Crore) National Total	Sanctioned Amount (Rs. in Crore) Punjab Total	Percentage of sanctioned amount of loan in Punjab to National Total
2016-17	180528.54	4640.84	3%
2017-18	253677.1	6723.82	3%
2018-19	321722.79	8282.79	3%
2019-20	337465.13	8882.27	3%
2020-21	321759.25	7413.44	2%
2021-22	339110.35	8179.96	2%
2022-23	456537.98	11055.03	2%

(Source: www.mudra.org.in)

Figure 4

When we talk about the amount of Loan Sanctioned at National level and Punjab level, it is evident that the percentage of amount of Loan Sanctioned at Punjab level is just 2-3% which is very less as compared to National level. Infact this percentage was 3% in initial years which further declined to 2 percent in the years 2020-21, 2021-22 and 2022-23. This thing is also clearly indicated in Figure 4. This clearly indicates that Punjab is not yet fully benefitted by the scheme.

Amount of Loan Disbursed at National level and in Punjab

The comparative analysis of amount of Loan disbursed at National level and at Punjab level is given in table 5 and figure 5.

Table 5: Amount of Loan Disbursed at National level and Punjab

	Disbursement Amount (Rs. in Crore) National Total	Disbursement Amount (Rs. in Crore) Punjab Total	Percentage of Disbursement amount of loan in Punjab to National Total
2016-17	175312.13	4512.28	3%
2017-18	246437.4	6524.12	3%
2018-19	311811.38	7975.54	3%
2019-20	329684.63	8605.75	3%
2020-21	311754.47	7065.11	2%
2021-22	331402.2	7926.06	2%
2022-23	450423.66	10766.37	2%

(Source: www.mudra.org.in)

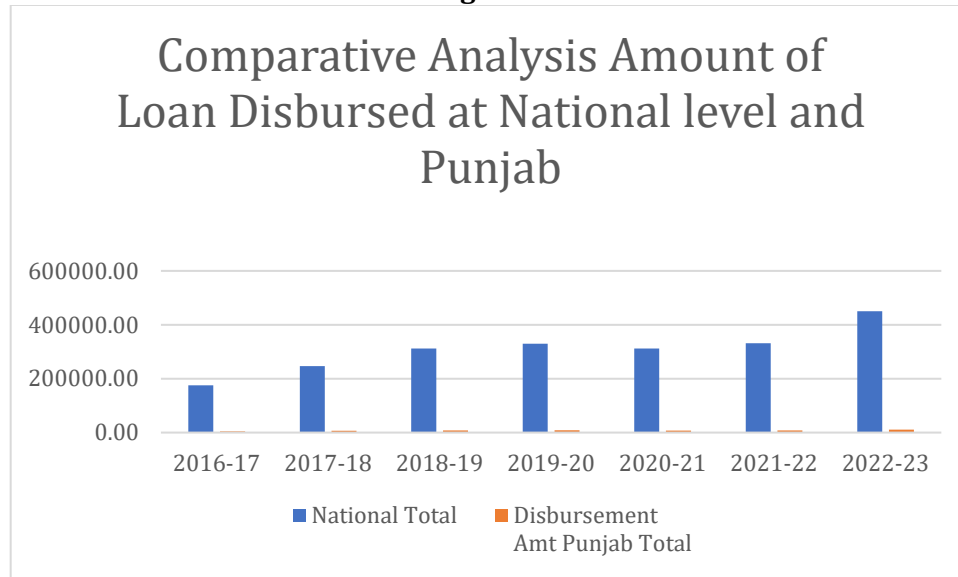
Figure 5

Table 5 shows the amount of Loan disbursed at National level and Punjab level, it is evident that the percentage of amount of Loan disbursed at Punjab level is just 2 to 3% of overall loans disbursed over the years which is very less as compared to National percentage. In the years 2016-17 to 2019-20 this percentage is 3% which further declines to 2% in the years 2020-21, 2021-22 and 2022-23. This thing is also evident from Figure 5. This percentage is similar to percentage of loans sanctioned at national level and Punjab level.

Number of accounts opened in various states and in Punjab

The following table shows the number of Mudra accounts opened in Punjab as well as other bigger states of India including Rajasthan, Madhya Pradesh, Maharashtra, Uttar Pradesh and Haryana.

Table 6: Number of accounts opened in various states and in Punjab

Year	Punjab	Rajasthan	Madhya Pradesh	Maharashtra	Uttar Pradesh	Haryana
2016-17	705569	9024.71	10506.45	17286.66	15282.61	716622
2017-18	819836	13862.55	14886.15	22751.4	22077.89	786328
2018-19	1182936	17506.39	17407.92	26438.94	26190.58	1081972
2019-20	1281307	19661.94	19060.01	27899.09	30949.36	1155917
2020-21	1094143	18571.38	18474.24	25208.63	29231.35	1005453
2021-22	1109810	18999.2	18814.95	25797.74	33663.73	1057963
2022-23	1259891	24686.97	25301.3	36531.98	48194.9	1218808

(Source: www.mudra.org.in)

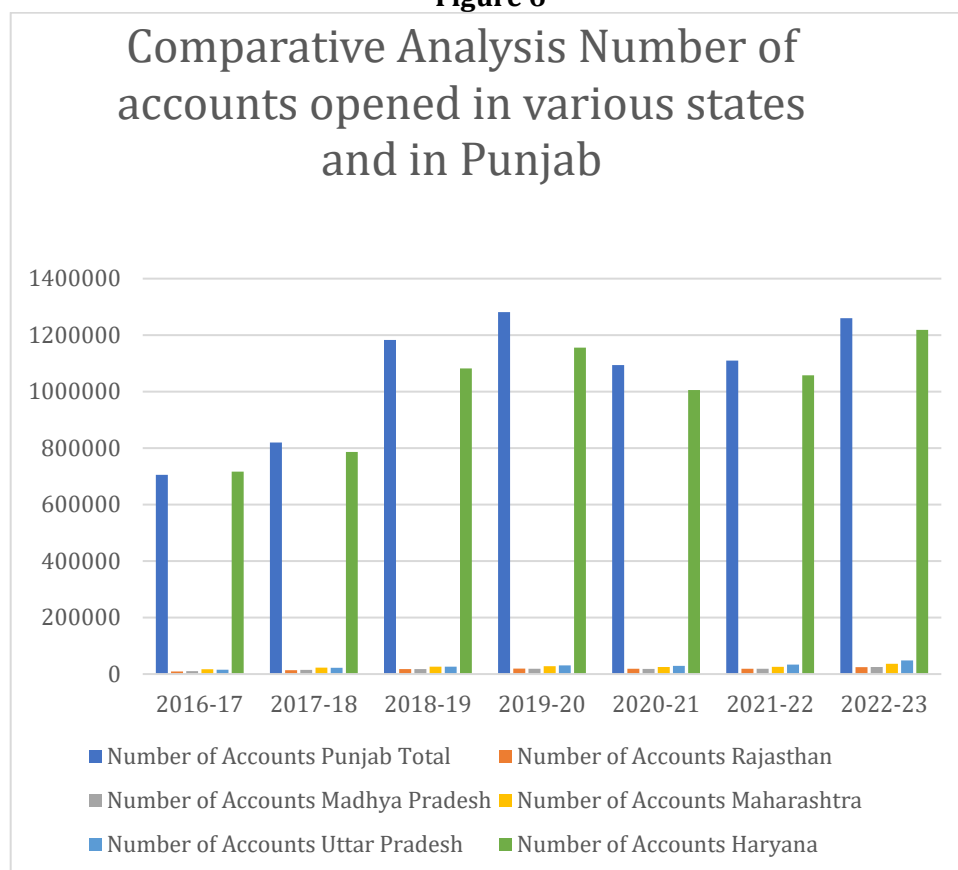
Figure 6

Table 6 and Figure 6 indicates the number of accounts opened under Mudra scheme in various states including Punjab, Rajasthan, Madhya Pradesh, Maharashtra, Uttar Pradesh and Haryana. A look at Figure clarifies that among the given states, Punjab and Haryana are the two states which have got the larger share of Accounts opened under the given scheme. It means that more people in these two states are desirous of starting their own venture.

Amount of Loan Sanctioned in various states and in Punjab

The comparative analysis of amount of Loan Sanctioned in various states and in Punjab is Table 7 and Figure 7.

Table 7: Amount of Loan Sanctioned in various states and in Punjab

Year	Sanction Amount (Rs. in Crore) Punjab	Sanction Amount (Rs. in Crore) Rajasthan	Sanction Amount (Rs. in Crore) Madhya Pradesh	Sanction Amount (Rs. in Crore) Maharashtra	Sanction Amount (Rs. in Crore) Uttar Pradesh	Sanction Amount (Rs. in Crore) Haryana
2016-17	4640.84	9024.71	10506.45	17286.66	15282.61	3843.53
2017-18	6723.82	13862.55	14886.15	22751.4	22077.89	5940.4
2018-19	8282.79	17506.39	17407.92	26438.94	26190.58	7526.32
2019-20	8882.27	19661.94	19060.01	27899.09	30949.36	7858.89
2020-21	7413.44	18571.38	18474.24	25208.63	29231.35	7552.06
2021-22	8179.96	18999.2	18814.95	25797.74	33663.73	7768.34
2022-23	11055.03	24686.97	25301.3	36531.98	48194.9	10154.93

(Source: www.mudra.org.in)

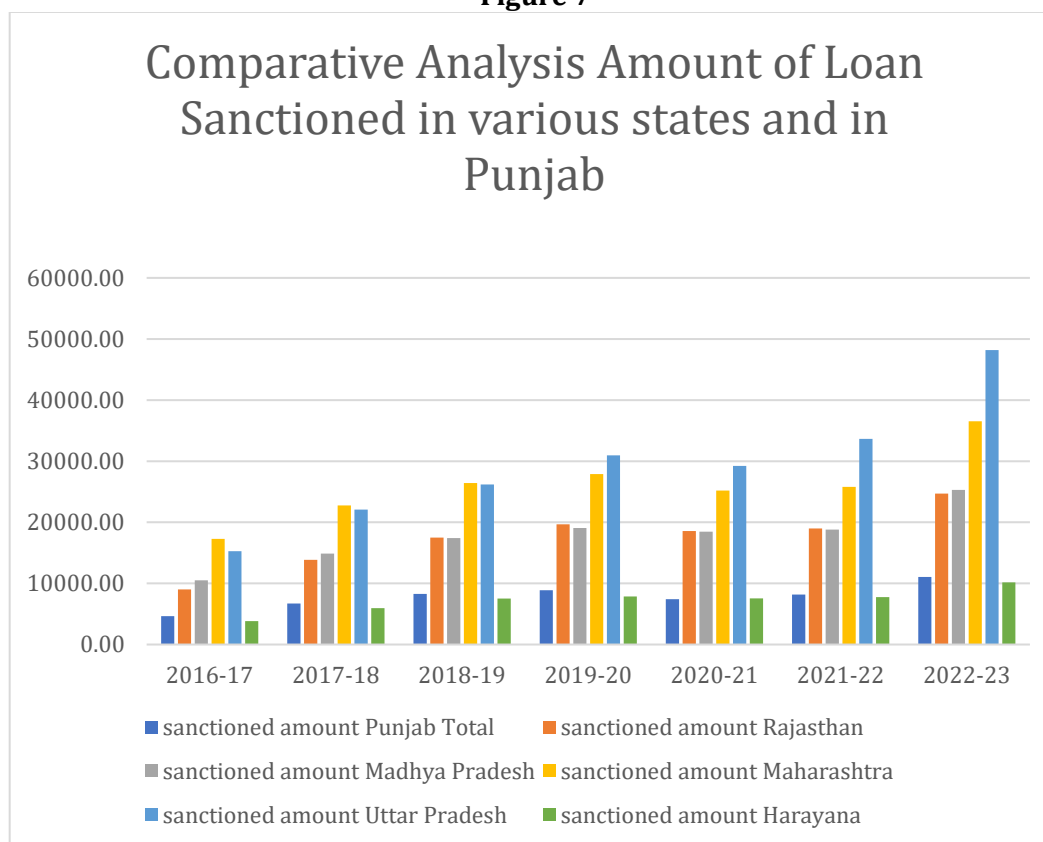
Figure 7

Table 7 and Figure 7 shows the amount of Loan Sanctioned in various states including Punjab, Rajasthan, Madhya Pradesh, Maharashtra, Uttar Pradesh and Haryana. It is clearly indicated in the graph that Maharashtra and Uttar Pradesh are the two states which have got maximum amount of loan sanctioned whereas Punjab and Haryana have got the least amount of loan sanctioned.

But this scenario is totally opposite to what we have seen in figure 6 which indicated that Punjab and Haryana are the two states which have got the larger share of Accounts opened under the given scheme. So, this thing indicates that even though large number of people in Punjab open accounts under the Mudra scheme to start up their venture but not all of them got the loan sanctioned and disbursed. This may be possible that these people might not have got their loan approved due to the reasons including:

- They may have poor credit score
- Non-compliance of formalities related to documents
- Unsatisfactory account behavior
- Low business project viability
- Previous loan defaults

2. CONCLUDING REMARKS

Programs like PMMY are a crucial resource for small enterprises looking to get commercial funding. A deeper analysis of facts and figures given in the paper reveals that even though the number of accounts opened under Mudra scheme increase in Punjab during the given years but the comparative analysis of accounts opened in Punjab and at national level reveals that Punjab shares a very little number of accounts opened as compared to National level. One of the obstacles to guaranteeing fair access to financing was lack of general public's and lower-level banking officials' awareness and understanding of the program. So, there is a need of creating awareness among masses regarding the scheme so that more and more people can take advantage of this scheme. Therefore, the government needs to do a better job of spreading knowledge and awareness about the program. No doubt the program has performed admirably, and

with the promise of assisting MSMEs, it has enormous potential to finance underfunded small business owners and enhance microbusiness credit availability. The MUDRA program can be made financially viable and generate positive additionalities with the correct mechanism and risk management procedures in addition to effective administration and governing bodies.

ACKNOWLEDGEMENT

None.

CONFLICT OF INTEREST

None.

REFERENCES

- Garg, S., Priyanka, & Narwal, K. P. (2023). Critical Evaluation of MUDRA Scheme in India at Macro Level: An Empirical Study. Available at www.researchgate.net
- Kailashbhai, R. N. (2023). A Study on The Role of Mudra Scheme in Entrepreneurship Development. *Vidhyayana - An International Multidisciplinary Peer-Reviewed E-Journal - ISSN 2454-8596*, 9(si1). Retrieved from <http://vidhyayanaejournal.org>.
- Sandhu, K. C, Jain, R., Tripathi, B. & Badonia, S. (2024). A Study Of The Impact Of Startups India Scheme On The Entrepreneurship Development *International Development Planning Review*, Volume 23, Issue 01, January 2024
- Sharma, S., Aggarwal, M., Singh, S. Agarwal, A., Kumar, P. (2023). Mudra Loan and Growth Path of Micro Small and Medium Enterprises in India. *Journal of Informatics Education and Research*, Volume 3 Issue 2, 2023. Available at <https://www.jier.org/>
- Singh, A., & Singh, J. (2018). Growth and contribution of Industrial Sector in Punjab and Haryana Economy. *International Journal of Research in Economics and Social Sciences (IJRESS)*, 7(9), 360-367. Available at: <https://www.researchgate>
- Srivastava, S. (2022). Role of Selected Financial Govt. Schemes for Development of MSMEs of Punjab. Available at <https://papers.ssrn.com>.
- <https://www.mudra.org.in>