

FINANCIAL ASSISTANCE AND SUPPORT FOR ENTREPRENEURS: A STUDY OF MICRO UNITS DEVELOPMENT & REFINANCE AGENCY LTD (MUDRA)

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Abstract: After the civilization trade, business, and commerce plays very important role in the relevant area. The economic condition of individual, households, and business day-to-day transaction exchanges are taken in the form of the barter system. The real change in the economics after the development of currencies and value of money for every good and services that is created by the human being. Every transaction is measured, values and exchanged in currency its liquid form is a known as the cash. People who are having excess money to keep in the safest place is bank and those who needs the money to start up the business the required fund is provided banks. Someone is having the good ideas to start the business or manufacturing, but they may be lack in the investment or seed capital and some businesses are facing the risk of a lockout. To overcome all difficulties, many developmental banks are opened by the government such as Industrial Development Bank of India (IDBI), Small Industrial Development Bank (SIDB), Industrial Finance Corporation (IFC), Mudra - Micro Units Development & Refinance Agency Ltd, (MUDRA), etc. the present study is attempt analysis and evaluate the financial assistant offered by the MUDRA to the entrepreneur

Key Words: Bank, Development, Industrial, Business, Money, Banks, MUDRA, etc

1. INTRODUCTION:

Prior to the organized type of lending and deposit services, the financial activities were handled by money lenders and individuals. At that time the higher rate of interest was reckoned. The security for public money/savings and there is no uniformity regarding financial activities or particularly lending practices. In order to conquer such issues, the organized banking sector was established by cooperative society and government, later there is development, implementation and establishment the government act was passed-banking regulating act. The organized banking sector works thereafter within control of the act and financial activities such as money landings, accepting deposits and provide other services to their customers. The MUDRA is not directly assisting any loan or any other financial support to the businessman or entrepreneurs, but all kind of the financial backup provide through the Pradhan Mantri Mudra Yojana (PMMY). The PMMY is incorporated for financial assistance and support services provider equivalence distinction, standard with global most excellent practices and standards, for the underneath of the pyramid life for their comprehensive economic and social development. The PMMY is there always to create a comprehensive, continue and value based entrepreneurial ethnicity, in alliance with financial institutions in reach economic success and financial security. The fundamental reason PMMY is to achieve development in an inclusive and sustainable way by supporting and endorsing with associated financial institutions and creating a bionetwork of growth for micro enterprises sector.

1.1. Review of literature:

Shahid, M., & Irshad, M. (2016) - This paper is an attempt to know about the MUDRA Yojana and its objectives. To analyze such factors their entire study is based on secondary sources of data. Also the study covers the PMMY scheme and analyzes the product offerings and performance so far of the scheme. Kaur, H. V. (2016).-The current paper aims to study objectives, benefits and demerits of establishment of MUDRA bank. It covers the major decision taken to money lending to the businesses and entrepreneurs in India. The financial activities and other financial related factors are studies in this paper. Rudrawar, M. A. A., & Uttarwar, V. R. (2016) - The present paper covers MUDRA Bank is first and leading responsible for encouraging and supporting all business. The researcher covers the credit and support services provided by MUDRA-PMMY. This paper provides an insightful analysis of the exclusive initiative of the government of India. Agarwal, M., & Dwivedi, R. (2017) - This research paper includes and covers entire overview of MUDRA-PMMY. The paper focuses the performance analysis of the scheme based on state, caste and category, SWOT analysis of the scheme and some recommendations. Roy, M. (2018)-This paper made an attempt to find investment trends of the Indian industry. The study deals the impact of the number of deals on the value of investments and identified the concentration of investments across various part in India. They studied trends

of investments across various stages of investments. *Tiwari, m. D. (2019)* – In this study they focused on major difficulty to the growth of business people and Small scale industries is the lack of financial support related help to this area. Major part of this partition does not move toward formal source of subsidizing.

1.2. Objectives of the study:

- To know the types of loan sanction by MUDRA.
- To analyse the MUDRA growth since inception.
- To analyse the state-wise performance of MUDRA.
- To study the performance of financial institution and their contribution in MUDRA.

1.3. Need of the study:

In India many financial institutions are there and every financial institutions operating on their own vision, strategy and policies. This paper examines how the MUDRA-PMMY is functioning, types loans offered, its growth and performance since from the inception, thereby it may clears its contribution and financial assistance and support to encourage and to startup business/entrepreneurship.

1.4. Scope of the study:

This paper is focused only on the financial assistance and supports provided by MUDRA –PMMY to businessman and entrepreneurs. Researcher used the last four years annual report to in this study. Thus, the results of the study are may not be applicable to any other financial institution.

2. METHODOLOGY:

The present study is based on secondary data and analytical in nature. The secondary data are culled from the annual report, journals, magazines and other published reports. Investigator uses the graphs/diagrams, tables and statistical tools for analytical part to achieve the result.

Hypothesis

H₁: There is no change in the amount of loan sanctioned since the inception of the MUDRA-PMMY.

H₂: There is no significant relation in between the number of loans sanctioned and amount Sanctioned.

H₃: There is no significant relation in between the number of loans sanctioned and amount Disbursed.

H₄: The performance and contribution of the all financial institutions are not in increasing trend.

Analysis of the study

* Types of loans offered by MUDRA-PMMY

Mudra loans are extended in three categories based on the size of the loans. The following tables shows the details of the types of loans offered.

Table 01: Types of Loans

Type of Loan	Amount of loan Sanction	Descriptions
SHISHU	Up to ` 50,000	For Start-ups and First-time Entrepreneurs
KISHOR	` 50,000 and up to ` 5 lakh	For Entrepreneurs with existing business
TARUN	` 5 lakh and up to ` 10 lakh	For Businessmen, loan amount to be used for business expansion

Source: Secondary information

** Analysis of the MUDRA growth since inception

Table 2.1: Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	No of PMMY Loan Sanctioned	4.56E7	4	1.095E7	5475199.784
	Amount Sanctioned	2.23E5	4	81259.977	40629.988

		N	Correlation	Sig.
Pair 1	No of PMMY Loan Sanctioned & Amount Sanctioned	4	.994	.006

Table 2.3: Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)	
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference					
				Lower	Upper				
Pair 1	No of PMMY Loan Sanctioned – Amount Sanctioned	4.542E7	1.087E7	5434808.261	2.813E7	6.272E7	8.358	3	.004

Result: There is a significant relation in between the number of loans sanctioned and amount Sanctioned.

Table 3.1: Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1	No of PMMY Loan Sanctioned	4	4.56E7	5475199.784
	Amount Disbursed	4	2.17E5	39429.994

Table 3.2: Paired Samples Correlations

	N	Correlation	Sig.
Pair 1	No of PMMY Loan Sanctioned & Amount Disbursed	.994	.006

Table 3.3: Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)	
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference					
				Lower	Upper				
Pair 1	No of PMMY Loan Sanctioned – Amount Disbursed	4.543E7	1.087E7	5436019.553	2.813E7	6.273E7	8.357	3	.004

Result: There is a significant relation in between the number of loans sanctioned and amount Disbursed.

Table 4: Top Ten states performance MUDRA-PMMY loan sanctioned

States	2015-16	2016-17	2017-18	2018-19
Tamil Nadu	15846	18052.68	25331.68	34260.05
Karnataka	16861	18002.55	23009.73	29995.35
West Bengal	8034	15695.01	20552.19	26462.13
Maharashtra	13806	17286.66	22751.4	26438.94
Uttar Pradesh	12276	15282.61	22077.89	26190.58
Bihar	7554	12190.6	15919.4	24405.99
Rajasthan	5485	9024.71	13862.55	17506.39
Madya Pradesh	8097	10506.45	14886.15	17407.92
Odisha	5695	7891.34	11558.91	15770.28
Gujrat	6035	7781.94	1386.52	13216.78
Mean	9968.9	13171.46	17133.64	23165.44
Standard Deviation	4333.515	4178.149	7193.381	6838.214

Source: Secondary data

The above table data of mean analysis and standard deviation analysis of top ten state-wise performances of MUDRA-PMMY shows that, on an average loan sanction was increasing trend and consistency in the sanction of loan.

Performance of financial institution and their contribution in MUDRA

Table 5.1: One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
PSB	4	8.08E4	18267.586	9133.793
RB	4	1.42E4	3132.567	1566.283
PrSB	4	4.33E4	18343.695	9171.847
SFB	4	3.76E4	16357.784	8178.892
NBFCMF	4	2.84E4	33245.970	16622.985
c				
NBFC	4	1.90E4	22439.180	11219.590

Table 5.2: One-Sample Test

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
PSB	8.851	3	.003	80838.898	51771.09	109906.70
RB	9.072	3	.003	14208.848	9224.24	19193.46
PrSB	4.717	3	.018	43267.675	14078.76	72456.59
SFB	4.600	3	.019	37619.763	11590.88	63648.65
NBFCMFc	1.709	3	.186	28403.680	-24498.08	81305.44
NBFC	1.694	3	.189	19005.162	-16700.58	54710.90

PSB=Public Sector Banks (including SBI), RB=Regional Banks, PrSB= Private Sector Banks(Including Foreign Banks), SFB = Small Finance Banks, NBFC-MFc =NBFC and Non NBFC-MFc and NBFC = Non-Banking Finance Companies

Result: The performance and contribution of the all financial institutions are in increasing Trend except NBFC-MFc and NBFC.

3. CONCLUSION :

The country like India is always encourages the development and innovations. To implement all the innovative products it may be goods or service the start up and establishment of entrepreneurship is required. In India many financial agencies are contributing their own way to support entrepreneurs along with the other players in the market the performance and contribution of MUDRA-PMMY is more satisfied under this regime. The purpose of the MUDRA-PMMY is reached to the public, number of loan application, loan sanction and disbursement of loan is appreciable. The contribution of MUDRA-PMMY to build the nation is one step ahead as it compares to any other country or private players in the market.

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