



## MUDRA: A BOOST FOR WOMEN ENTREPRENEURS (Financing of women through MUDRA since its inception)

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### ABSTRACT :

Women entrepreneurship has been recognized as an important source of economic growth. Women entrepreneurship can make a particularly strong contribution to the economic well-being of the family and communities, poverty reduction and women's empowerment. As per census 2011, the population of India is 1210.19 million comprising 586.47 million (48.5%) females. Almost half of the population are females. To make effective use of this population, the government should focus on the women entrepreneurship. Women entrepreneurs often face barriers to starting their businesses, like lack of access to formal finance mechanism and access to information and networks, etc. The major problem is limited access to formal finance. Women community have limited access to formal finance because they don't have enough security. To provide access to formal finance MUDRA scheme is launched by Government of India under Pradhan Mantri Mudra Yojna. Women entrepreneurs of the non-corporate sector can also avail the benefits of this scheme. This paper is an attempt to check that how many women avail the benefits and how many loans have been disbursed to women entrepreneurs by MUDRA. Findings of the study reveal that all the partner institutions of MUDRA have actively participated in the financing of women and substantially contributed for women entrepreneurship.



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**KEYWORDS :** Women entrepreneurship , family and communities, poverty reduction.

### INTRODUCTION

After agriculture, micro enterprises provide large employment in our country. Many of these units are proprietary/single ownership or own account enterprises and many a time referred as non-corporate small business sector. This sector includes small manufacturing units, shopkeepers, fruits/vegetable vendors, truck & taxi operators, food-service units, repair shops, machine operators, small industries, artisans, food processors, street vendors, etc. A large number of women community engaged in this sector.

There are various schemes have been launched by government time to time to encourage entrepreneurship among women. For example, Bhartiya Mahila Bank business loan, Stand Up India: subsidy scheme for women, Mahila Udyam Nidhi, etc. These schemes are also running successfully. After the initiatives of government some banks also introduced their scheme especially for women entrepreneurs. For example, Annapurna scheme by State bank of Mysore. Stree Shakti Package for women entrepreneur by most of the SBI branches. Dena Shakti Scheme by Dena bank, Udyogini Scheme

by Punjab and Sind bank, etc. For the purpose of this study MUDRA scheme under Pradhan Mantri Mudra Yojna is explained below:

### **MUDRA:**

MUDRA stands for Micro Units Development and Refinance Agency. MUDRA Bank was first ideated in budget of 2015-16. Government of India launched the scheme on April 8, 2015. The initial corpus of MUDRA is 20,000 cr. and credit guarantee corpus of 3,000 cr. MUDRA will provide credit from 50,000 to 10 lakhs. It will also act as a regulator for MFIs and responsible for developing and refinancing MFIs which are in business of lending to micro and small business units.

MUDRA is a refinancing institution. MUDRA does not lend directly to the micro entrepreneurs/individuals. MUDRA loan under PMMY can be availed of from nearby branch office of a bank, NBFC, MFIs, etc. Borrowers can also now file online application for MUDRA loans on mudramitra portal ([www.mudramitra.in](http://www.mudramitra.in)). There are no agents or middleman engaged by MUDRA for availing of Mudra loans.

MUDRA loans are classified into three categories based on the business life cycle that the business is in. These categories signify the growth and funding requirements of the borrowers.

**Table: 1.1 Categories of MUDRA loans**

Category	Amount
<b>Shishu</b>	Up to Rs. 50000
<b>Kishore</b>	Above 50000 and upto 5 lakhs
<b>Tarun</b>	Above 5 lakhs and upto 10 lakhs

([www.mudra.org](http://www.mudra.org))

The micro enterprises loans upto 10 lakhs are collateral free and they can be covered under Credit Guarantee Fund for Micro Units (CGFMU) operated by National Credit Guarantee Trustee Company Limited (NCGTC).

### **Scheme for Women Entrepreneurs:**

**Mahila Udayami Scheme:** Timely and adequate financial support to the MFIs, for on lending to women/ group of women/ JLGs/ SHGs for creation of qualifying assets as per RBI guidelines towards setting up/ running micro enterprises as per MSMED Act and non-farm income generating activities.

This scheme is especially for women entrepreneurs. Under this scheme, a woman entrepreneur of non-corporate sector can apply for a loan. For this, a woman entrepreneur should have a business plan for a non –farm income generating activity such as manufacturing, processing, trading or service sector and whose credit need is less than 10 lakhs can avail the benefits of MUDRA.

Providing financial support to women entrepreneurs was another prime objective of PMMY. A woman entrepreneur, who wishes to avail assistance under Pradhan Mantri MUDRA Yojna (PMMY), can approach the local branch of any of the financial institutions in their region. Sanction of assistance shall be as per the eligibility norms of respective leading institutions.

In order to encourage women entrepreneurs, the financing banks/ MFIs may consider extending additional facilities, including interest reduction on their loan. At present, MUDRA extends a reduction of 25bps in its interest rates to MFIs/ NBFCs, who are providing loans to women entrepreneurs.

### **OBJECTIVES OF THE STUDY:**

The main objectives of the study are:

- To find out that how much MUDRA contributed for women entrepreneurs from 2015-16 to 2017-18.
- To find out share of each financial institution in financing of women.

### Research Methodology:

Secondary data for the period of 2015-16, 2016-17 and 2017-18 have been used for this study. Data has been taken from the official website of MUDRA(www.mudra.org). Percentage method has been used to determine share of each institution in financing of women. Relevant information is gathered from various websites, journals and articles.

### Data Analysis:

**Table: 1.2 Financing of Women during FY 2015-16**

Variable	No. of Accounts (in lakh)	Percentage	Amt. Disbursed (in Cr.)	Percentage
<b>Women entrepreneur</b>	276.28	<b>79%</b>	63,190.43	<b>47%</b>
<b>Others</b>	72.53	<b>21%</b>	69,764.30	<b>53%</b>
<b>Total</b>	<b>348.81</b>	<b>100%</b>	<b>1,32,954.73</b>	<b>100%</b>

(Annual Reports of MUDRA 2015-16)

The data indicates that 2.76 crore women are funded out of the total number of 3.48 crore accounts, which is a whopping 79%. All the institutions contribute significantly for the financing women under PMMY. Out of total amount disbursed during FY2015-16, 47% amount goes to financing of women.

Public and private sector banks, Regional Rural banks, NBFC MFIs and Non NBFC MFIs are the major financial institutions which provide assistance under MUDRA. Every institution engaged in financing to women entrepreneurs. Share of each institution in financing to women entrepreneurs is:

**Table: 1.3 Financing of Women 2015-16 (Share of each institution)**

Bank Type	No of Accounts	Percentage	Disburse Amt (In Cr.)	Percentage
<b>Public Sector Bank</b>	14,75,907	<b>5%</b>	10,352.09	<b>16%</b>
<b>Private &amp; Foreign Bank</b>	21,53,790	<b>8%</b>	6,450.74	<b>10%</b>
<b>Regional Rural Bank</b>	2,92,127	<b>1%</b>	2,462.19	<b>4%</b>
<b>NBFC-MFIs</b>	2,29,62,461	<b>83%</b>	42,047.05	<b>67%</b>
<b>Non NBFC-MFIs</b>	7,43,980	<b>3%</b>	1,878.36	<b>3%</b>
<b>Total</b>	<b>2,76,28,265</b>	<b>100%</b>	<b>63,190.43</b>	<b>100%</b>

(www.mudra.org)

MFIs contribute significantly for the financing of women entrepreneurs. As we know that micro finance is basically for the development of women community. This concept is introduced to provide financial assistance to poor women within the country to make them financially strong. MFIs (Micro Finance Institutions) are the leading institutions under this scheme also which provide financial assistance to women entrepreneurs with 83% and 67% shares in number of accounts and amount disbursed respectively.

**Table: 1.4 Financing of Women during FY 2016-17**

Variable	No. of Accounts (in lakh)	Percentage	Amt. Disbursed (in Cr.)	Percentage
<b>Women entrepreneur</b>	291.47	<b>73%</b>	78,249.78	<b>45%</b>
<b>Others</b>	105.54	<b>27%</b>	97,062.35	<b>55%</b>
<b>Total</b>	<b>397.01</b>	<b>100%</b>	<b>1,75,312.13</b>	<b>100%</b>

(Annual Reports of MUDRA 2016-17)

In 2016-17 also 2.91 crore women are funded out of the total number of 3.97 crore accounts, which is approximately 73%. If we talk about amount disbursed, 45% of the total amount disbursed goes for financing of women.

**Table: 1.5 Financing of Women during FY 2017-18**

Variable	No. of Accounts (in lakh)	Percentage	Amt. Disbursed (in Cr.)	Percentage
<b>Women entrepreneur</b>	335.58	<b>70%</b>	1,00,170.55	<b>41%</b>
<b>Others</b>	145.73	<b>30%</b>	1,46,266.84	<b>59%</b>
<b>Total</b>	<b>481.31</b>	<b>100%</b>	<b>2,46,437.39</b>	<b>100%</b>

(Annual Reports of MUDRA 2017-18)

The data regarding women entrepreneurs in 2017-18, indicates that out of 4.81 crore accounts financed during the year, 3.35 crore accounts are for women entrepreneurs, which work out to 70%. Approximately 41% of total amount disbursed goes to financing for women entrepreneurs.

### CONCLUSION:

In the modern age, women should be independent and also engaged in income generating activities. This will directly make good impact on the economic condition of their family and enhance the standard of living. With the initiative of MUDRA, the hidden/unused talent of women is utilised. MUDRA will give platform to women to use their skills and knowledge to start a business and become a successful entrepreneur. With the available skills and knowledge women should try to make a business plan. If the talent of Indian women is utilised properly this will surely make some good contribution for the economy also. From FY 2015-16 to 2017-18, Out of the total 12.27 crore beneficiaries, 9.03 crore are women and almost half of the total amount disbursed is disbursed to women entrepreneurs. These contributions show that MUDRA is a boost for women entrepreneurs and every institution is actively participated in financing of women. MFIs are the leading institutions which show superior performance in this regard.

### SUGGESTIONS:

- MUDRA should implement their policy properly to provide assistance to the women of weaker section of the society. If assistance is available to the weaker section of the society, then life style and economic condition of this society can be positively affected.
- For the success in long run, MUDRA must ensure that amount given as loan should be invested in certain business so that recovery process becomes easy.

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