

AN INVESTIGATIVE STUDY ON AWARENESS LEVEL OF PRADHAN MANTRI MUDRA YOJANA (PMMY) WITH REFERENCE TO INDIAN STATE OF ARUNACHAL PRADESH

Author's Name: Anwar Hussain

Affiliation: Assistant Professor, Department of Commerce and Management, Indira Gandhi Technological and Medical Sciences University, Ziro, Arunachal Pradesh, India

E-Mail: anwarhussain0132@gmail.com

DOI No. – 08.2020-25662434

Abstract

In the state like Arunachal Pradesh with a population of more than 1.4 million, having approximately 30% of Youth population it will be very difficult to sustain in near future without Micro Small and Medium Scale Enterprises, which contributes more than 30% of country's total GDP. In the districts of Arunachal Pradesh having vibrant resources, soil, agricultural base has the full potential to bring a holistic change in the country's economy. In the light of various issues and problems faced by MSMEs the Government of India has Initiated a Scheme call Pradhan Mantri Mudra Yojana(PMMY).This paper would try to address some of the important reasons behind the lack of awareness level of Pradhan Mantri Mudra Yojana among the citizens of Arunachal Pradesh.

Keywords: PMMY Scheme,Awareness Level;,MSMEs

INTRODUCTION

Being one of the fastest growing major economy in the world . India has expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its healthy democracy and strong partnerships. But The country With a population of more than 1.2 billion, with more than 34 Percent of youth not having a structured base in the area of Micro Small and Medium Scale enterprises is questionable for near future. The Pradhan Mantri Mudra Yojana or PMMY is a flagship scheme of the Government of India to extend affordable credit to micro and small enterprises.MUDRA schemes are designed to bring enterprises into the formal financial system, or to “fund the unfunded”¹. Loans under PM mudra loan scheme are available to non-farm micro or small enterprises engaged in income generation through manufacturing, trading and services. The ultimate goal of this study is to know the awareness level of Pradhan Mantri Mudra Yojana among the citizen of Arunachal Pradesh.

HISTORICAL BACKGROUND

The formation of the agency was initially announced in the 2015 Union budget of India in February 2015.It was formally launched on 8 April.

The MUDRA banks were set up under the Pradhan Mantri MUDRA Yojana scheme. It will provide its services to small entrepreneurs outside the service area of regular banks, by using last mile agents. About 5.77 crore (57.6 million) small business have been identified as target clients using the NSSO survey of 2013. Only 4% of these businesses get finance from regular banks MUDRA has been initially formed as a wholly owned subsidiary of Small Industries Development bank of India (SIDBI) with 100% capital being contributed by it. Presently, the authorized capital of MUDRA is

1000 crores and paid up capital is 750 crore, fully subscribed by SIDBI. This Agency would be responsible for developing and refinancing all Micro-enterprises sector by supporting the finance Institutions which are in the business of lending to micro small business entities engaged in manufacturing, trading and service activities. Though the Micro Finance is one of the easiest way to enhance the economy with integrated supports made towards employment generation, whose objective is to provide income generating opportunities to the people at the bottom level. Government of India also ensured that MUDRA will provide refinance support, monitor the PMMY data by managing the web portal, facilitate offering guarantees for loans granted under PMMY and take up other activities assigned to it from time to time. The main purpose of Mudra is to provide funding to the non corporate small business sector thorough various last mile financial institutions like Banks, NBFCs, and MFIs. It enables a small borrower to borrow from all Public Sector Banks such as PSU Banks, Regional Rural Banks and Cooperative Banks, Private Sector Banks, Foreign Banks, Micro Finance Institutions (MFI) and Non Banking Finance Companies (NBFC) for loans up to Rs 10 lakhs for non-farm income generating activities.

Any Indian Citizen who has a business plan for a non-farm income generating activity such as manufacturing, processing, trading or service sector whose credit need is up to 10 lakh can approach either a Bank, MFI or NBFC for availing of MUDRA loans under PMMY.

PRADHAN MANTRI MUDRA YOJANA HAS THREE CATEGORIES OF LAON

Shishu : covering loans upto 50,000/-

Kishor : covering loans above 50,000/- and upto 5 lakh

Tarun : covering loans above 5 lakh and upto 10 lakh

OFFERS UNDER PRADHAN MANTRI MUDRA YOJANA

1. **Micro Credit Scheme** – Under this scheme, financial support is extended through Micro Financial Institutions (MFIs) so that they can provide business loans of up to Rs. 1 lakh.
2. **Women Enterprise Programme (Mahila Uddyami Yojana)** – It is specifically at women entrepreneurs. The scheme is envisaged to encourage individual women entrepreneurs, women's Joint Liability Groups and Self-Help Groups.
3. **Refinance Scheme for Banks** – MUDRA scheme also allows banks to easily refinance loan amounts. Such banks include Scheduled Co-operative Banks, Regional Rural Banks, and Commercial banks. The refinance facility is available only if these business loans have been extended for microenterprise activities.
4. **Mudra Card** – It is an innovative tool under which makes credit is made easily accessible to small businesses. It can be used as a credit card with an overdraft (loan) limit. The card can also be used as a debit card with the facility of ATM withdrawals.
5. **Credit Guarantee Fund** – It is also known as the portfolio credit guarantee that allows eligible entities to receive micro-loans with ease. It involves the creation and use of a special fund termed as the Credit Guarantee Fund for Micro Units. This fund is managed by the National Credit Guarantee Trustee Company Ltd. and
6. **Equipment Finance Scheme** – It enables small entrepreneurs and micro-units to avail of a loan to finance the purchase/upgrade of qualifying equipment/machinery. This encourages enterprises to improve their production techniques to increase the overall productivity and efficiency of their business.

INTRODUCTION TO MSME SECTOR OF ARUNACHAL PRADESH

The Ministry of Small Scale Industries and Agro and Rural Industries of India was created in October 1999. In September 2001, the ministry was split into the Ministry of Small Scale Industries and the Ministry of Agro and Rural Industries. The President of India amended the Government of India (Allocation of Business) Rules, 1961, under the notification dated 9 May 2007. Pursuant to this amendment, they were merged into a single ministry. This sector has been facilitating testing, toolmenting, training for entrepreneurship development.

Facilities for financing, testing, toolmenting, training for entrepreneurship development. Along with the Khadi and Village Industries national heritages. Arunachal Pradesh is one of the largest among the eight states located in the Northeast of India with a total population of more than 1.4 million as well as a vibrant state's economy is largely agrarian, based on the terraced farming of rice and the cultivation of crops such as maize, millet, wheat, pulses, sugarcane, ginger, oilseeds, cereals, potato, and pineapple. Its diverse topography offers opportunities for non-timber based industries such as bamboo, cane and medicinal plants. There are many small scale and handloom industries, Cane and bamboo weaving which are largely unutilized, resource potential. Among its resources for generating energy are rivers, coal, and petroleum; is the emerging sector of Indian economy.

REVIEW OF LITERATURE

Verma S. (2015), Studied the MUDRA Yojana's extended services to MSMEs like moral support to budding entrepreneur to achieve their dream beyond financial inclusion / support.

Gupta, S. (2015) Focused on offerings and functioning of MUDRA schemes. The study concluded that MUDRA may be a catalyst towards financial inclusion of creative, small entrepreneur. Through MUDRA employment is generated and it also causes India's GDP to grow.

Rudrawar M.A.A & Uttarwar V.R (2016)

Has explained can bring a desired transformation if it will be applied properly at the bottom level. It may act as a game changer and boost the Indian economy. It should include less documentation and accessible in coming few years.

Roy and Anup (2016), has studied small business requires financial stability so the government started a foundation named MUDRA Scheme to support the entrepreneurs. MUDRA is a kind of initiative which is done by P.M. Modi in order to develop MSME and provide employment.

Avanti, T. (2016) Studied that how MUDRA Bank Helps SMEs to grow. The study also focused on role, responsibility and performance of MUDRA bank in the state of Kerala. The research also focused on performance of MUDRA in the state of god's own country.

Patili and Chaudhari (2016) emphasized that scarcity of finance is the major obstacle for small and micro business sector. To solve this problem Govt. of India launched Mudra scheme through this scheme Govt of India is supporting small and micro sector by providing financial assistance at a reasonable rate of interest.

Kumar .S (2017) explained the key objectives of Micro Units Development and Refinance Agency (MUDRA) scheme. In a developing country like India most of the people are engaged in small businesses. Small businesses face financial problem as their major problem on their way to development after identifying the contribution of small business in Indian economy the govt of India launched MUDRA scheme to overcome financial crises.

R.Rupa (2017): Has showed that the MUDRA scheme is very much successful in Tamil Nadu.

Anugrah Rohini Lall (2018): It is found that most of the people borrow loans from unorganized sector. Financial inclusion through latest scheme would be instrumental to bring economic change in Uttarakhand.

OBJECTIVES OF THE STUDY

- To analyze how effective the MUDRA loan is
- To measure the reliability of MUDRA loan.
- To know the awareness level of MUDRA Loan in the Arunachal Pradesh

OBJECTIVES OF MUDRA YOJANA

- To refinance collateral-free loans provided by the lenders to small borrowers.
- To bring small enterprises such as NCSBS (Non-Corporate Small Business Sector) and 'own account enterprises' under the folds of the formal financial system
- To extend the affordable credit to MSMEs.
- To provide integrated financial support to the micro-enterprises sector.
- To integrate the informal economy into the formal sector.
- To monitor the micro-finance institutions.
- To generate employment avenues in these micro-units.

Statement of problem: An Investigative study on awareness level of Pradhan Mantri Mudra Yojana (PMMY) with reference to Indian State of Arunachal Pradesh.

Research Methodology

The research will be descriptive in nature. The paper studies the awareness level of Pradhan Mantri Mudra Yojana (PMMY) with reference to Indian State of Arunachal Pradesh

Data Collection

The collection of data is based on both primary and secondary.

Primary Data

Primary data is collected through researcher itself by questionnaire.

Secondary Data

Secondary data is collected through references of books, newspaper, magazines, bank officials. Both quantitative and qualitative data is collected.

Sample size: The sample size of the study is 100

Limitations of the study: The present study will be focused MUDRA Yojana scheme, its awareness level among 18 to 45 years of people in different districts of Arunachal Pradesh.

DISCUSSION

- It is found from the study that only 44% of the respondents are aware about the flagship scheme along with these they also revealed that availing loan under this scheme is not easy the way they advertised i.e. they are asked to produce Collateral security or Mortgage against the sanctioned amount. But which is not absolutely true.

- It is found from the study that almost 47% of the respondents have agreed that Government of India has initiated different schemes. They have expected that this scheme will bring a solid change in near future only if it is implemented in a better way. They also revealed that they are not afraid about the risks entitled while availing loan they need transparent, authentic, timely loan availability.
- It is found from the study that more than 50% of the respondents are highlighted that lack of information is one of the root cause for not availing adequate loan. Almost 48% of the respondents are responded to increase the awareness level.
- It is found from the study that due to lack of information, problem in easy accessibility of loan scheme, problem in fulfilling the major criteria to avail loan facility they have used their personal savings for which most of the investments are not giving expected results.
- It is found from the study that almost 53% of the respondents were responded as neutral on the asked statement “Is this MUDRA scheme is game changer for economy?” also 48% of them were responded as neutral on the statement “Will it enhance employment generation?” revealed that the scheme itself still confusion among the individual after its seven years of existence.
- More than 34% of the respondents have responded that scarcity of funds is one of the major obstacle for small and micro sector and also they are neutral on how effective the scheme is.

FINDINGS

- The main focus of MUDRA Yojana is to “fund the unfunded” and to encourage entrepreneurs and small units to expand their capabilities and operations. From the study it has found that majority of the responded are not aware about MUDRA scheme which causes a financial phobia that this scheme is not safe enough among them whereas which is not true at all because the GOI has guaranteed the collateral and provide funds under the privacy of Govt agency. It has been revealed by other researchers that this scheme is successful in other parts of the Country but what I found is that in the districts of Arunachal Pradesh (which is one of the highly potential states for SMEs) majority of the people are not aware about this scheme.
- According to the report published by Ministry Finance Govt of India Loans extended under Pradhan Mantri Mudra Yojana in the state of Arunachal Pradesh as on 31.01.2020 only Rs 65.19 crore whereas neighboring state Assam extended Rs 14092.94 crore, Manipur extended Rs 383.16 from which it has highlighted that the true picture of implementation of this scheme.
- From the study it has found that more than 40% of the population of Arunachal Pradesh has a positive feedback towards this scheme that this will be a game changer, employment creator, source of industrial venture, only if it is implemented towards the bottom of the pyramid. If GOI wants a major change in the economy then they have to spend lots of money in the name of productive Advertisement.
- From the study it has also found that people living in the states of Aunachal Pradesh which is popularly called as “The Land of Rising Sun” has a huge potential to bring a change in the Small units of business as well as well as making the industrial hub.

CONCLUSION

Government of India has taken a major initiative by launching MUDRA scheme to bring a historical change in the Indian economy. With the inception of this scheme the Govt. has finally integrated the small micro units into the formal credit system. The unbanked population that was earlier handicapped by the shortage of funds is now able to meet their required demands. Though the Micro Small and Medium Enterprises are where true India resides. Therefore the development of this units is the real index of economic transformation of country like India. And this will be only possible by implementing scheme in a better way i.e. Government should emphasized on how to increase the awareness level among the individuals.

REFERENCES

1. **Avanti,T.(2016)** “How the MUDRA Bank Helps SMEs to Grow”,Impact:International Journal of Research in Applied, Natural And Social Sciences,ISSN(E)2321-8851 Vol.4 Issue 8
2. **Anup Kumar Roy(2016)**: MUDRA Yojana-A Strategic Tool For Small Business Financing, International Journal of Advance Research in Computer Science and Management Studies,ISSN:2321-7782
3. **Lall,Anugrah Rohini(2018)**: “A study on critical analysis of MUDRA Yojana in Uttarakhand” ,International Journal of Social Science and Economic Research ,Vol.3,no 7,July 2018,pp-2863-2877,ijsser.org.
4. **Patil S.G.&Chaudhari** : MUDRA helping Hand to Non Corporate Small Business Sector. Splint International Journal of Professionals III(3)126-128
5. **Verma,S.Chandra(2015)**,Mudra Bank to “Fund small Businesses”
6. **Rudrawar,M.A.A.,& Uttarwar,V.R.(2016)** :An Evaluatory Study of MUDRA Scheme.International Journal of Multifaceted and Multilingual Studies.
7. **Rupa.R (2017)** :Progress of MUDRA with the special reference to Tamil Nadu.
8. **C.R.Kothari Research Methodology**
9. **Kumar,S.(2017)**:Impact of MUDRA Yojana on Financial Inclusion.6th International Conference on Recent Trends In Engineering ,Science & Management,(pp.861-865)
10. <https://vikaspedia.in/social-welfare/financial-inclusion/pradhan-mantri-mudrayojana>
11. https://en.wikipedia.org/wiki/Micro_Units_Development_and_Refinance_AgencyBank
https://en.wikipedia.org/wiki/Ministry_of_Micro,_Small_and_Medium_Enterprises
12. <https://www.entrepreneurindia.co/blog-description/13>