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Brief Case Study of PMMY Scheme in Karnataka

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Abstract: ***Small industries and start ups play an important role in raising the standard of living of our people, especially in rural areas of India. With the right support and resources, these MSMEs can add value to our country's economic condition. The current government has introduced various policies to encourage these MSMEs, namely MUDRA (Micro Unit Development and Refinancing Authority) which is another important step to ensure that these MSMEs . Mudra encourages people to become entrepreneurs and improve their livelihoods. This has enough money to finance these units. The paper highlights various small industries related to MUDRA and how MUDRA has helped increase their performance over the past three years in Karnataka.***
Keywords: MUDRA, GDP, MSME$_S$ GOI

I. INTRODUCTION

The Indian MSME Associations Council (AICA), which represents 170 MSME associations across the country, said, “Mudra loans are essential as they are geared towards micro and small businesses. People depend on small businesses for a living. Most individuals depend on the unorganized sectors for loans and other credits with high interest rates on intolerable terms and conditions. Ultimately, this will leave these poor people in a situation where Most Unincorporated operates as unregistered businesses. They do not keep proper books of accounts and are not under the official jurisdiction of the tax jurisdictions. Therefore, it is difficult for banks to lend to them. Much of the sector has no access to outside sources of finance. Having identified the importance of freelance workers and small businesses, the Indian government launched the Mudra Bank Scheme under the leadership of Pradhan Manthri Mudra Yojana to provide financial support to MSMEs. , who provide employment to a large number of people with an aim towards the inclusion of young people, workers and highly skilled or professional entrepreneurs, including businesswomen. This article is an attempt to learn about MUDRA

A. Roles and Responsibilities of MUDRA

The Micro Unit Development and Recapitalization Authority (MUDRA) was launched by Honored Prime Minister Shri Narendra Modi on 8 April 2015 to provide secure funding for manufacturing, commercial, processing and manufacturing activities. variables and services. The March 2, 2015 GOI press release defines the roles and responsibilities of MUDRA. Thereafter, GOI also decided that MUDRA would provide refinancing assistance, monitor PMMY data by managing the portal, facilitate the provision of guarantees for loans granted under PMMY, and carry out other authorized activities from time to time. The Department of Financial Services (DFS) has issued guidance for Pradhan Mantri MUDRA Yojana (PMMY) up to Lakh 10 lakh. As there are a number of microfinance institutions that are MUDRA partners, regular banks will provide small entrepreneurs with the financial needs needed to stimulate the Indian economy. MUDRA was established with the main objective of developing the domestic microenterprise sector by expanding various supports, including financial support in the form of refinancing, in order to achieve the goal of “supporting micro enterprises in the country”. finance". help those without capital". For more effective monitoring, a dedicated portal www.mudra.org SC/ST Cards, Minorities, MUDRA, etc... So data collected Collected data has been analyzed and communicated to Government of India Progress has been closely monitored with the bank to make improvements as needed. A team of “Mission Mudra” officers have been trained and are partnered with DFS to oversee and oversee the entire program on behalf of GOI.

II. LITERATURE

Vijay Kelkar (2010) describes that the Indian economy has been significantly affected by fiscal . The increase of FI initiatives will reduce the indebtedness of farmers and lead to modernization of the economy. Agriculture in India. Improved FI enables better risk management for farmers. This will encourage them to adopt new techniques at a higher rate and make the a positive force for stimulating innovation and entrepreneurship.

Savitha, B. and Jyothi, P. (2011) discussed women's empowerment in their research paper, “Financial Access and Women's Empowerment ”. The author has focused on women's access to financial literacy to banking services in urban and rural areas and describes how FIinitiatives can improve. women's financial access. The study also found that financial access is mainly influenced by women's perception of financial services. Owning a bank account develops a sense of empowerment in women.

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Kher (2013) argues that the Indian government created the RRB to develop the rural economy. The main objective of establishing RRB is to provide funding to the financially weak rural public, especially farmers, laborers, artisans, etc.

Pooja (2014). The study explores that finance in rural areas is seen as an input to institutional finance and rural development. It is an important condition for rural development. RRB is a financial institution; provide financial support to small farmers, artisans, workers, micro-industries to develop productive activities and banking habits of rural people

Bakshi and Chawla, 2016) "MUDRA Yojana gives new wings to the growth of small businesses", written by Kamna Bakshi and Shilpa Chawla, regarding MFIs and how they are regulated and guidelines different policies that of them work effectively. (Agarwal, 2017) "Pradhan Mantri MUDRA Yojanaa Critical Review", written by Manish Agarwal and Ritesh Dwivedi, it should be noted that this program provides funding where it is needed most, such as the sections it needs. most necessary. The society is weaker, the population is not granted, etc. so this is a great initiative of government of India.

Mahajan, 2018) "PMMY Performance and Impact Analysis of MUDRA Yojana in 2016", written by M. Mahajan, attempts to determine the impact of the program on small businesses and small businesses. . It was found that this was well accepted in the financial sector of the economy.

III. CASE STUDY

Over the past years, shares of Karnataka stood at 24 ,89 crore with 27.29 lakh in beneficiary account at end of September Compared to other states of India, Karnataka is the second largest state using Pradhan Mantri MUDRA loan Yojana to help with self-development. During the previous financial year, the total number of sanctioned accounts was ,568, 93, the total sanctioned amount was Rs 23,009.73 and the amount disbursed in the state was Rs 22,500.67. PMMY expects this program to grow nationally and help small industries thrive. Compared to other states in India, Karnataka is the second largest state using Pradhan Mantri MUDRA Yojana loan program to develop and be able to support itself. During the previous financial year, the total number of sanctioned accounts was ,568, 93, the total sanctioned amount was Rs 23,009.73 and the amount disbursed in the state was Rs 22,500.67.

PMMY expects this program to grow nationally and help small industries thrive. Compared to 2015-16 and 2016-17, the amount of investment capital of banks has decreased significantly. At the beginning of the 'Mudra' promotion campaign in Mangaluru, he said 8.4 crore beneficiaries have received a Mudra loan of 3.5 lakh crore in the country. Among them, shares of Karnataka stood at 24 ,894 crore with 27.29 lakh beneficiary accounts at the end of September. Loans up to ₹10 lakh are offered unsecured under the scheme.

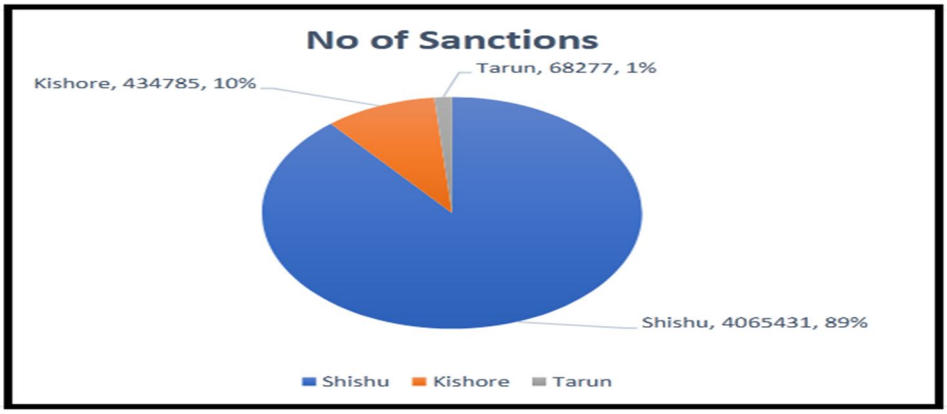
A. Types Of Mudra Loan Sectioned In Karnataka

Funding support from mudra is four types

1) Microcredit system(MCS) for loan upto 1 lakh finance through(MFI)
2) Refinance schemes for commercials bank/regional rulars bank(RRB_S)
3) woman enterprise programme
4) securitization of loan portfolio

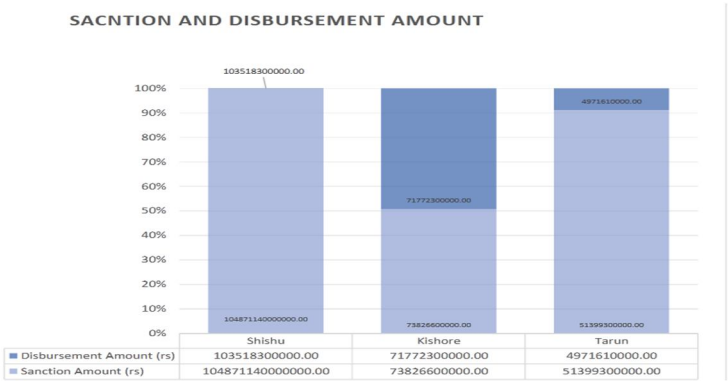
IV. OBJECTIVE OF STUDY

1) Studying the performance of the Small Industries Association's Small Industries Refinance and Development Authority
2) To analyse the performance of Micro Units Development & Refinance Agency loan schemes in Karnataka



A -Source : Research gate paper

With an advance amount of 4, 065, 4 31, In the fig A year 2017-2018 the Shishu loan was sanctioned Followed by4 3 ,4785 account numbers that were sanctioned by PMMY for Kishore loan and finally with the least sanction for Tarun with 68,277 sanctioned accounts in 2017-18 with the highest interest rate being of State Bank of India at 17.08% and the lowest rate being of Punjab and Sind Bank at 12.65%. Interest rates vary from 12% to 17%. These rates vary mainly because these banks have the power to choose their own interest rates for the Kishore portfolio and the Tarun portfolio. (clear tax site) .however in year 2019-20 among three loans 88% in largest terms of accounts in shishu category as shown in fig b.however sectioned amount is 67% in this category which is grew by 15% over last year



A. Challenges

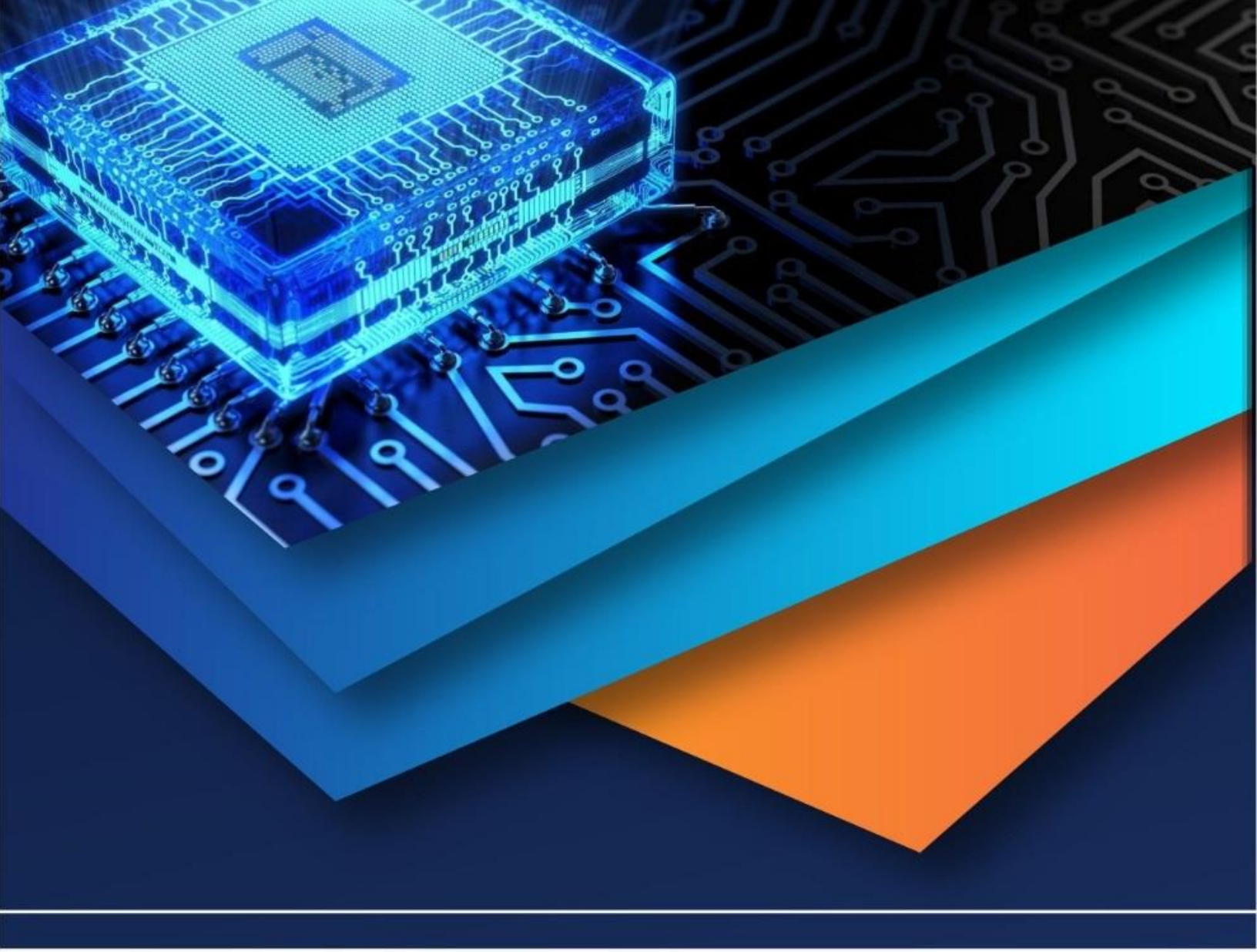
The biggest challenge before MUDRA is the responsibility assigned and to achieve the goals not only seems difficult but also creates conflict in the time to come. It emerged from the responsibility given to MUDRA that it could only provide solutions to the problems faced by the micro sector of the economy and not other institutions. To provide capital for small scale and micro sector, there have been a number of organizations like SIDBI, NABARD, SFC and SIDC etc. despite all these existing financial institutions, is it fair to create a new one. This means that the institutions that already exist are incapable of achieving their goals. Will these organizations coordinate with MUDRA or create obstacles in the way of MUDRA. Currently, microfinance institutions are regulated by the RBI. Therefore, MUDRA will also regulate the microfinance sector in addition to RBI, which will lead to more regulation of the microfinance sector. In addition, MUDRA will act as a refinancing and regulatory body which in turn will affect MUDRA function causing its dysfunction. MUDRA will provide financial support to NCSBS who are not organized nor registered and lack management skills and financial/business knowledge and they also face many challenges. As a result, there is a risk of fraud and uncertainty in this area, creating doubts about loan defaults, which is a major threat too.

V. CONCLUSION

The growth of MSMEs will contribute to the growth of the “Make in India” initiative. The establishment of a bank like MUDRA will greatly benefit small businesses and self-employed workers in both rural and urban areas. The PMMY program will contribute to the well-being of individuals involved in small-scale industries, which will positively affect the overall progress of the economy. MUDRA creates a vision to formalize informal activities and thus fund those without funds. Its role as an advanced refinancer, providing low-cost financing will likely be its USP, which will hopefully fill a sprawling void in the microfinance space in India. These measures will significantly increase the confidence of our young, educated and skilled workers who will be able to grow into first-generation businesses and entrepreneurs. Existing small will be able to expand their business. Just like banking without banks, the main goal of MUDRA banks is to finance banks without banks.

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