



Dr. Siddaraju V.G., is currently working as Associate Professor, Centre for Study of Social Exclusion and Inclusive Policy, University of Mysore, India. He has done PhD in Economics from University of Mysore, India. He has published many research papers and books also. He has presented papers in various national and international conferences. His fields of interests are Development Issues, Agricultural Economics and Social Policy. He has been actively engaged in various research projects in his area of interest.



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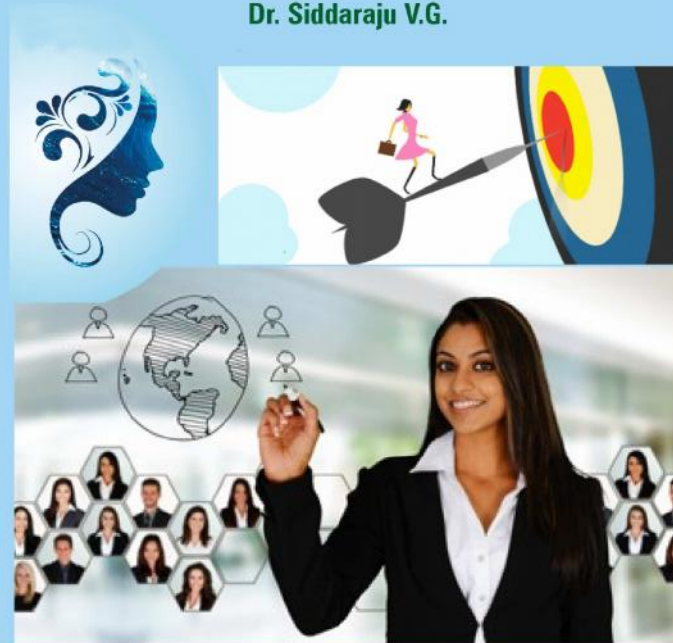
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**WOMEN ENTREPRENEURSHIP AND DEVELOPMENT:
ISSUES AND CHALLENGES**
Dr. Siddaraju V.G.

WOMEN ENTREPRENEURSHIP AND DEVELOPMENT: ISSUES AND CHALLENGES

Edited by
Dr. Siddaraju V.G.



About the Book

Entrepreneurship is the organization of economic activity, taking advantage of the profits and benefits that come from it and taking all the risks out there. In the wake of economic liberalization and globalization, women entrepreneurship in India is gaining prominence. Women constitute almost 50 percent of the world population. But their representation in gainful employment is relatively low and women constitute only one-third of the economic enterprises. Women entrepreneurship contributes not only to the economic development of the country but also to the economic well-being of the family and communities. There is a shortage of successful business women entrepreneurs in the social and economic sphere in India. Despite several measures and incentives undertaken by the Government of India, women entrepreneurs are not increasing up to the mark. The feature of this book is that experts who have knowledge of the issues have contributed to this book. This book will be a valuable source of reference on the subject for the policy-makers, teachers and students of economics, sociology and development thinkers.

Women Entrepreneurship and Development: Issues and Challenges
Grabs Educational Charitable Trust

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Role of Pradhan Mantri MUDRA Yojana in Development of Enterprises in India

Siddaraju VG and Shekara P

Introduction

Micro, Small and Medium Enterprises (MSMEs) contribution is highly remarkable in the overall industrial economy of the country. MSMEs contribute about 8% of GDP. More than 80% of the MSME sector comprises micro-enterprises / small business units. Indian small entrepreneurs were used to exploitation at the hands of money lenders so far, but Micro Units Development & Refinance Agency Ltd (MUDRA) would in still new confidence in them.

MUDRA Yojana is an extension in the lending infrastructure of the country as more specialized and wide covered, particularly focused on micro-enterprises. The idea behind establishing MUDRA Yojana as a new window for micro-enterprises is to reduce under financed or no financed issues of micro-enterprises. Pradhan Mantri MUDRA Yojana (PMMY) is a scheme launched by the Hon'ble Prime Minister on April 8, 2015, for providing loans up to 10 lakh to the non-corporate, non-farm small/micro-enterprises. These loans are classified as MUDRA loans under PMMY. These loans are given by Commercial Banks, RRBs, Small Finance Banks, MFIs and NBFCs. The borrower can approach any of the lending institutions mentioned above or can apply online. There has been evidence from the experiences of other countries that in many cases public policies or government expenditure on a country's lending

infrastructure, yields more results than direct support for business development, including MSMEs.

Objectives and Methodology

The present paper made an attempt to analyze the role of Pradhan Mantri MUDRA Yojana in development of enterprises. The study is based on secondary data and the data were collected from various reports published by Govt. of India.

MUDRA Yojana and Micro Enterprises

A micro enterprise constitutes a major economic segment in our country and provides large employment after agriculture. These segments include micro units engaged in manufacturing, processing, trading and services sector. It provides employment to nearly 10 crore people. Many of these units are proprietary/ single ownership or Own Account enterprises and many a time referred as Non Corporate Small Business sector.

Non-Corporate Small Business Sector (NCSBS) is the economic foundation of India. It is perhaps one of the largest disaggregated business ecosystems in the world sustaining around 50 crore lives. The sector comprises of myriad of small manufacturing units, shopkeepers, fruits / vegetable vendors, truck & taxi operators, food-service units, repair shops, machine operators, small industries, artisans, food processors, street vendors and many others. Formal or institutional architecture has not been able to reach out to them to meet the financial requirements of this sector. They are largely self financed or rely on personal networks or moneylenders. Addressing this need will give a big boost to the economy otherwise this segment would remain unfunded and a portion of the productive labour force would remain unemployed.

Small business is big business. According to NSSO Survey (2013), there are 5.77 crore small business units, mostly individual proprietorship. Most of these 'own account enterprises' (OAE) are owned by people belonging to Scheduled Caste, Scheduled Tribe or

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Other Backward Classes. They get very little credit and that too mostly from non formal lenders, or friends and relatives. Providing access to institutional finance to such micro/small business units would turn them into strong instruments of GDP growth and also employment.

The Non Corporate Small Business Sector (NCSBS) accounts for a large share of industrial units. They feed large local and international value chains as well as domestic consumer markets as suppliers, manufacturers, contractors, distributors, retailers and service providers. The gross value addition of this sector is 6.28 lakh crore annually.

Mainstreaming these enterprises will not only help in improving the quality of life of these entrepreneurs but will also contribute substantially to job creation in the economy thereby achieving higher GDP growth.

The major constraints faced by the many of the micro enterprises along the length and breadth of the country include:

- Access to Finance
- Infrastructure Gaps
- Lack of growth orientation
- Skill Development Gaps
- Policy Advocacy Needs
- Lack of Market Development / Market Making
- Knowledge Gaps
- Information Asymmetry
- Entry Level Technologies

The biggest bottleneck to the growth of entrepreneurship in the NCSBS is lack of financial support to this sector. The support from the Banks to this sector is meagre, with less than 15% of bank credit going to Micro, Small and Medium Enterprises (MSMEs). A vast part of the non-corporate sector operates as unregistered enterprises. They do not maintain proper Books of Accounts and are not formally covered under taxation areas. Therefore, the banks find it difficult to lend to them. Majority of this sector does not access outside sources of finance.

In the above backdrop, the MUDRA was set up by the Government of India (GoI). The Union Budget presented by the Hon'ble

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Finance Minister Shri Arun Jaitley, for FY 2015-16, announced the formation of MUDRA Bank. Accordingly MUDRA was registered as a Company in March 2015 under the Companies Act 2013 and as a Non Banking Finance Institution with the RBI on 07 April 2015. MUDRA was launched by the Hon'ble Prime Minister Shri Narendra Modi on 08 April 2015 at a function held at Vigyan Bhawan, New Delhi.

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. More capital is expected to enhance the functioning of MUDRA.

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. MUDRA would partner with Banks, MFIs and other lending institutions at state level / regional level to provide micro finance support to the micro enterprise sector in the country.

Micro Finance is an economic development tool whose objective is to provide income generating opportunities to the people at the bottom of the pyramid. It covers a range of services which include, in addition to the provision of credit, many other credit plus services, financial literacy and other social support services.

Roles and Responsibilities of MUDRA

MUDRA has been formed with primary objective of developing the micro enterprise sector in the country by extending various supports including financial support in the form of refinance, so as to achieve the goal of funding the unfunded. The GOI Press release of 2 March 2015 has laid down the roles and responsibilities of MUDRA.

Subsequently GOI has also decided that MUDRA will provide refinance support, monitor the PMMY data by managing the web portal, facilitate offering guarantees for loans granted under PMMY and

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take up other activities assigned to it from time to time. Accordingly MUDRA has been carrying out these functions over the last one year.

Pradhan Mantri MUDRA Yojana (PMMY)

Pradhan Mantri MUDRA Yojana (PMMY) is a scheme for providing loans up to 10 lakh to the non-corporate, non-farm small/micro enterprises. These loans are classified as MUDRA loans under PMMY. These loans are given by Commercial Banks, RRBs, Small Finance Banks, MFIs and NBFCs. Under the aegis of PMMY, MUDRA has created three products namely 'Shishu', 'Kishore' and 'Tarun' to signify the stage of growth / development and funding needs of the beneficiary micro unit / entrepreneur and also provide a reference point for the next phase of growth.

Table - 1: Achievements under PMYY since Inception

Year	No. of PMMY Loans Sanctioned	Amount Sanctioned	Amount Disbursed
2015-16	34880924	137449.27	132954.73
2016-17	39701047	180528.54	175312.13
2017-18	48130593	253677.10	246437.40
2018-19	59870318	321722.79	311811.38

Source:

Table shows the achievements under PMMY during 2015-16 to 2018-19. It is indicated that the number of PMMY loans sanctioned increased from 34880924 to 59870318, amount Sanctioned increased from 137449.27 to 321722.79 and amount disbursed increased from 132954.73 to 311811.38. The data clearly shows that the no. of beneficiaries is increased under PMYY.

State wise Performance of PMYY

The bank wise/agency wise targets were further distributed state wise by the respective banks based on their network and potential to lend. The state level performance was monitored by SLBC. Of all the States, Tamil Nadu topped with Rs. 34,260.05 crore sanction, closely

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followed by Karnataka with Rs. 29,995.35 crore and West Bengal stood at third Position with Rs. 26,462.13 crore.

Table -2: Performance of top 10 States

Name of the State	Target (2018-19)	Sanction Amt. (2018-19)	Sanction Amt. (2017-18)	Growth (%)
Tamil Nadu	27,751.80	34,260.05	25,331.68	35%
Karnataka	26,453.94	29,995.35	23,009.73	30%
West Bengal	23,951.95	26,462.13	20,552.19	29%
Maharashtra	26,986.30	26,438.94	22,751.40	16%
Uttar Pradesh	25,583.02	26,190.58	22,077.89	19%
Bihar	19,100.99	24,405.99	15,919.40	53%
Rajasthan	16,530.31	17,506.39	13,862.55	26%
Madhya Pradesh	16,694.76	17,407.92	14,886.15	17%
Odisha	14,071.05	15,770.28	11,558.91	36%
Gujarat	14,051.97	13,216.78	11,386.52	16%

Source:

Category wise Loan Analysis

Mudra loans are extended in three categories based on the size of the loans. They are follows

- Shishu - Loans upto Rs.50,000 (for Start-ups and First-time Entrepreneurs)
- Kishor - Loans from Rs. 50,000- Rs. 5 lakh (for Entrepreneurs with existing business)
- Tarun - Loans from Rs.5 lakh - Rs.10 lakh (for Businessmen, loan amount to be used for business expansion)

The share of these three categories of PMMY was analysed and is given below in the table 3:

The table 3 shows that among the three categories, Shishu loan had the highest share of 86% in terms of number of accounts and was followed by Kishor and Tarun. The share of Kishor loan accounts increased to 11% in FY 2018-19 in comparison to 9.67% in FY 2017-18. Share of Tarun loan also increased to 3% in FY 2018-19 from 1.68% in FY

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2017-18. In terms of sanction amount during 2018-19, Shishu was 44%, followed by Kishore at 32% and Tarun at 23%.

Table - 3: Category wise analysis of PMMY scheme (Rs. in crore)

Category	No. of loan accounts (FY 2017-18)	Sanction Amt. (FY 2017-18)	No. of loan accounts (FY 2018-19)	Sanction Amt. (FY 2018-19)
Shishu	4,26,69,795 (88.65%)	1,06,001.6 (41.78%)	5,15,07,438 (86%)	1,42,345.25 (44%)
Kishor	46,53,874 (9.67%)	86,732.15 (34.19%)	66,06,009 (11%)	1,04,386.68 (32%)
Tarun	8,06,924 (1.68%)	60,943.36 (23.20%)	17,56,871 (3%)	74,990.86 (23%)
Total	4,81,30,593	2,53,677.10	5,98,70,318	3,21,722.79

Note: Figures in parenthesis indicate the share in percentage.

Average loan size under PMMY

The average size of the loans extended under Mudra is given below

Table - 4: Average loan size during 2017-18 to 2018-19

	Amount sanctioned (₹ in crore)		No. of loan accounts		Average loan size (Amount in Rs)	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
Total	2,53,677.1	3,21,722.79	4,81,30,593	5,98,70,318	52,739	53,800

Source:

Table 4 shows that the average loan size under PMMY during FY 2018-19 increased marginally to Rs. 53,800 as against Rs. 52,739 in the previous year. Similarly, the average loan size under Shishu category at Rs. 27,640 has been marginally higher than that of Rs.24,883 in the previous year.

Assistance to Marginalised sections

The share of sub categories of borrowers like SC, ST, OBC, Women and Minority under different schemes of PMMY was analysed and is given below:

Table - : Sub categories of borrowers during 2018-19

Category	SHISHU		KISHOR		TARUN		TOTAL	
	No. of A/Cs	Amount Sanctioned (Crore)	No. of A/Cs	Amount Sanctioned (Crore)	No. of A/Cs	Amount Sanctioned (Crore)	No. of A/Cs	Amount Sanctioned (Crore)
General	2,59,93,019	74,816.03	44,39,825	7,8947.67	13,02,379	66,365.45	3,17,35,223 (52%)	2,20,129.14 (68%)
SC	87,67,153	23,253.35	5,52,277	5,291.86	1,33,089	1,412.16	94,52,519 (16%)	29,957.36 (9%)
ST	30,12,074	7,697.71	2,00,315	2,352.7	1,28,940	1,003.14	33,41,329 (6%)	11,053.54 (3%)
OBC	1,37,35,192	36,578.17	14,13,592	17,794.45	1,92,463	6,210.12	1,53,41,247 (26%)	60,582.74 (19%)
Total	5,15,07,438	1,42,345.25	66,06,009	1,04,386.68	17,56,871	74,990.86	5,98,70,318	3,21,722.79
Out of the above:								
Women	3,34,03,579	96,253.15	28,75,392	26,741.23	7,83,591	10,039.23	3,70,62,562 (62%)	1,33,033.62 (41%)
New Loan accounts	1,09,35,180	29,133.30	20,16,546	43,337.87	4,42,076	33,561.89	1,33,93,802 (22%)	1,06,033.06 (33%)
Minority	54,55,596	15,004.01	7,25,905	9,629.53	70,139	5,490.23	62,51,640 (10%)	30,123.77 (9%)

Note: Figure in parenthesis indicate the share in percentage

Women Entrepreneurship and Development: Issues and Challenges

The show that 41% of loan amount sanctioned was the share of women borrowers in total loan amount sanctioned. The share of women in the Shishu category is at 65%, in terms of number of accounts and 68% in amount. This is mainly due to the high share of MFIs in Shishu loans, where women are the major beneficiaries of micro finance loan. The participation of the weaker sections (SC/ST/OBCs) of the society in the PMMY programme was at 48%, in terms of loan accounts, and 31% in terms of loan amount sanctioned. The share of SC, ST and OBC categories were 16%, 6% and 26%, respectively, in terms of the loan accounts sanctioned. The Minority category of borrowers accounted for 10% and 9% in terms of number of accounts and amount share, respectively in FY 2018-19. The number of new loan accounts during FY 2018-19 was at 22% of the total loan accounts and 33% in terms of the sanctioned amount. There were nearly 1.33 crore new loan accounts sanctioned under PMMY during the year, which was more than 1.25 crore accounts sanctioned during the previous year.

Conclusion

Pradhan Mantri Mudra Yojana (PMMY) continues to be a major initiative of the Government of India providing credit to millions of unfunded micro units in the country. Mudra scheme is the latest scheme to boost small and micro business units in India. This scheme was taken to focus only on entrepreneurs. This scheme will enhance the well-being of individuals engaged in small scale industries and it will positively contribute to the overall economic progress. These types of scheme will boost the confidence of young educated and skilled workers who are able to become first generation enterprises, and existing small businesses will be able to expand their activities. As with non-banking, Mudra banks' main purpose is to finance the non-cash.

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