

Prime Minister Mudra Loan Yojna 2021

Ritu¹, Vikas Gill², Surya Bama³ and Yugvinder²

¹Ph.D. Scholar, Department of Agricultural Economics, CCS HAU, Hisar, India.

²Ph.D. Scholar, Department of Vegetable Science, CCS HAU, Hisar, India.

³M.Sc. Scholar, Department of Horticulture, Amity University, Noida, U.P., India.

SUMMARY

To promote financial inclusion and foster the growth of small businesses or micro- entrepreneurship, MUDRA scheme launched by the government of India in the year 2015. The fundamental idea behind this scheme is to furnish help to Non- Corporate Small Business Sector (NCSBS) in attaining their financial needs and also facilitates the setting up of new Micro Finance Institutions. MUDRA Bank concentrates on providing funds to the lower- income peoples. This scheme fails due to higher risk and higher transaction costs with micro loans and saving deposits. In developing countries, It is expected that the monetary services reaches to the top 1/4 th of the economically viable peoples in a systematic way. Government of India removes these kinds of problems through MUDRA Scheme.

INTRODUCTION

MUDRA, which stands for Micro Units Development & Refinance Agency Ltd., is a financial institution set up by Government of India for development and refinancing of micro units enterprises. It was announced by the Hon'ble Finance Minister while presenting the Union Budget for FY 2016. Under this scheme, guarantee free loan up to Rs 10 lakh is provided in three categories. These three categories are Shishu, Kishore and Tarun. This loan is provided for activities related to manufacturing, trade and service sector and agriculture sector. GOI launched the MUDRA Bank Scheme under PMMY (Pradhan Manthri Mudra Yojana) to give monetary assistance to MSME(who give employment to various young, educated peoples, skilled workers and women). (Shahid and Irshad, 2016).

Key Point of Pradhan Mantri Mudra Loan Yojana

Scheme Name	-	Pradhan Mantri Mudra Loan Yojana
Started by	-	Prime Minister Narendra Modi
Beneficiary	-	People of the country
Purpose	-	Providing loan
Official website	-	https://www.mudra.org.in/

Prime Minister Mudra Loan Scheme 6 Years:

There is no fixed interest rate under this scheme. Different interest rates are charged by different banks under the Pradhan Mantri Mudra Loan Scheme. So far in the last 6 years, loans worth Rs 14.96 lakh crore have been provided to 28.68 beneficiaries through Pradhan Mantri Mudra Loan Yojana. Between 2015 and 2018, about 1.12 crore additional jobs have been created through this scheme. Small business has been encouraged through this scheme. In the year 2020-21, 4.20 crore beneficiaries were provided loans by the government. 2.66 lakh crore has been allocated to the beneficiaries for the financial year 2020-21 till March 19, 2021. About 88 per cent of Shishu loans were provided under the Pradhan Mantri Mudra Loan Yojana. Loans were provided to 24 per cent of new entrepreneurs. 68 per cent of loans were made available to women and 51 per cent loans were made available to the citizens belonging to Scheduled Castes, Scheduled Tribes and Backward Classes.

Pradhan Mantri Mudra Loan Scheme Commercial Vehicle Purchase:

Under this scheme, loans are also provided by the government for the purchase of commercial vehicles. Loans can be taken through this scheme to buy tractors, auto rickshaws, taxis, trolleys, goods transport vehicles, three wheelers, e-rickshaws etc. Through Pradhan mantri Mudra Loan Yojana, loans are provided for agriculture and animal husbandry, for traders, for shopkeepers and also for the service sector. Mudra card is provided to the beneficiaries to disburse the loan amount.

Types of Pradhan Mantri Mudra Yojana:

Three types of loans are given under this scheme.

Shishu Loan: Under this type of Mudra Yojana, a loan of up to ₹ 50000 will be allotted to the beneficiaries.

Kishor Loan: Under this type of Mudra Yojana, loans ranging from ₹ 50000 to ₹ 500000 will be allotted to the beneficiaries.

Tarun Loan: Under this type of Mudra Yojana, loan ranging from ₹ 500000 to ₹ 1000000 will be allotted to the beneficiaries.

2% interest subvention to beneficiaries falling under Shishu category

The lockdown was imposed last year due to the corona virus epidemic. The self-reliant India campaign was started by the government to revive the economy. Under this campaign, it was decided to provide 2 per cent interest subvention to the borrowers of the Shishu category coming under the Pradhan Mantri Mudra Loan Yojana. All those borrowers whose dues are due till 31 May 2020 and they do not fall in the NPA category (whose installments are coming continuously) will be provided the benefit of interest subvention scheme. This benefit will be provided for 12 months.

Table 01. Banks covered under Mudra Yojana:

- | | |
|-----------------------------|-------------------------|
| • Allahabad Bank | • Canara Bank |
| • Bank of India | • Indian Bank |
| • Corporation Bank | • Axis Bank |
| • ICICI Bank | • Bank of Maharashtra |
| • Punjab and Sind Bank | • Dena Bank |
| • Syndicate Bank | • IDBI Bank |
| • Union Bank of India | • Karnataka Bank |
| • Andhra Bank | • Punjab National Bank |
| • Bank of Baroda | • Central Bank of India |
| • HDFC bank | • State Bank of India |
| • Oriental Bank of Commerce | • Union Bank of India |

Beneficiaries of Pradhan Mantri Mudra Yojana:

Mudra card will be provided to the beneficiaries like Soul Proprietor, partnership, companies in the service sector, micro industry, repair shops, truck owners, food related business and seller. This Mudra card can be used by the beneficiary as a debit card. Through Mudra card, the beneficiary will be able to withdraw money from ATM according to his need. With this Mudra card you will be provided with a password which you will have to keep confidential and you can use this card to fulfill your business related needs.

Benefits of PM Mudra Loan Scheme:

- Any person in the country who wants to start his own small business can take a loan under PMMY.
- Under this scheme, the citizens of the country will be given a loan without guarantee to start their business. Apart from this, no processing charge is also levied for the loan. The loan repayment period under Mudra Yojana can be extended up to 5 years.
- The borrower gets a Mudra card, with the help of which the expenditure on business needs can be done.

Process to apply online under Mudra Yojana:

- First of all you have to go to the official website of Mudra Yojana.
- Now the home page will open in front of you.
- On the home page you will see the types of Mudra Yojana which are as follows:
 - Baby
 - Teenagers

- Tarun

- After this a new page will open in front of you.
- You have to download the application form from this page.
- After this you have to take a print out of this application form.
- Now you have to fill all the important information asked in the application form carefully.
- After this you have to attach all the important documents.
- Now you have to submit this application form to your nearest bank.
- Loan will be provided to you within 1 month after verification of your application.

CONCLUSION

PMMY is an eminent initiatives taken by Government of India. Due to PMMY there is a considerable change in the field of micro finance. This Scheme will support poor peoples, unfunded populations and also helps in increasing the competition among them. With the inception of Mudra Yojana, the government has finally integrated the small micro-units into the formal credit system. The development of these units is the real index of economic transformation, and this process is being achieved by Mudra Yojana very well. Financial support through PMMY also increases the occasion for credit requirement and refinance. MFIs contributed significantly for the financing women under PMMY. (Agarwal and Dwivedi, 2017)

REFERENCES

- A Study and Review of Pradhan Mantri Mudra Yojana (PMMY). International Journal of Advance and Innovative Research: **6** (2).
- Agarwal, M and Dwivedi, R (2017). Pradhan Mantri Mudra Yojna: A critical Review. Parikalapana- KIIT Journal of Management.
- Shahid, M and Irshad, M (2016). Descriptive study on PRADHAN MANTRI MUDRA YOJANA (PMMY). International Journal of Latest trends in Engineering and Technology: 12-125.
- Kumar, V (2020). Pradhan Mantri Mudra Yojana : Evaluation, Experiences and Future Prospects. International Journal of Advanced Science and Technology. **29**(10), 8772-8779.