

An empirical study on the role of MUDRA Yojana in financing micro enterprises

P.A. Ibrahim

Research Scholar, Department of Commerce, Aligarh Muslim University, Aligarh, India 202002

ibrahimkuzhikkattil@gmail.com

Abstract

Background/Objectives: To analyse the performance of Micro Unit Development and Refinance Agency (MUDRA) Yojana, an initiative of Government of India to escalate the micro enterprises.

Methods/Statistical analysis: The data related to MUDRA Yojana mainly sourced from annual reports of MUDRA Yojana and its website, data also have taken from various journal, magazine and periodical, etc. The study has analyzed various credit schemes, and their performances. To achieve objective of the study relevant comparisons have done among schemes, regions, financial institutions, total credit and numbers of accounts by employing statistical tools such descriptive, percentage and ANOVA.

Findings: The specific or more specialised financial institution for serving the credit need of the micro enterprises including SMEs is the need of the hour. The government initiative to escalate micro enterprises by providing financial support through MUDRA Yojana is a successful venture. The growth rate of accounts opening and credit disbursement in various MUDRA Schemes shows positive trend. The scheme has reached widely among marginalised segments, 73.41% of account holders are women and 25.16% are new entrepreneurs. However the northern states of the country show comparatively lesser participation in both creations of accounts as well as sourcing of credit. Majority of accounts are opened under 'shishu' scheme and participation Tarun Scheme (Major Projects) is less. The participation of RRBs and PSBs in the scheme is insignificant than private banks, which is not a favourable trend in long run.

Improvements/Applications: Government initiative for financing micro enterprises is moving in a balanced direction, the government should improve the bracket of beneficiaries as well as focus on quality of the credit rather than quantity of the credit.

Keywords: MUDRA Yojana, Micro Enterprises, Financial Assistances, Marginalised Groups.

1. Introduction

This study aims to critically evaluate the role of specialised financial institutions in the promotion of micro enterprises in Indian by taking to account the new financial arrangement formally called MUDRA Yojana. In the academic literature there has been a stream of research discussions on issues concerning growth and development of enterprises varying from lack of skills, managerial issues, marketing problems and more over financial issues. Among all these, financial issues have been a burning topic among academicians and in policy discussions. It is strongly believes that lack of adequate finance is the root cause of all other issues of the sector. The importance of small business entities including SMEs in growth and development of any economy is well established in literatures and universally acceptable fact. The small enterprises have been playing a front role in economic growth and developments particularly post Global Financial Crisis (2007-08). Policies to jumpstart economic growth and promote job creation have been among the top priorities of many developing and developed economies since the financial crisis. The studies have emphasised the importance of small and medium enterprises in contributing to economic indices by creating jobs, output, export and significant role in mitigating regional imbalances. The SME sector development in micro enterprises is a global agenda for sustainable and balanced growth. The small enterprises are a driving force of growth and development in developing nations as well as developing nations. Micro enterprise in India constitute a wide bracket economic activities undertaken by different social categories such as skilled or unskilled, educated or uneducated, irrespective of income level, marginalised groups like women, SC,ST and OBC. It is truly representing nation as whole with wide geographical coverage.

According to the report of MUDRA Yojana, NCSBS comprises of myriad of small entrepreneurs engaged in 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; they undertakes three broad categories of economic activities such as, production, trading, and providing transport services. The production activity includes agricultural or non-agricultural activities. Agricultural activities include farming, cattle rearing, poultry rearing and fisheries. Non-agricultural production consist of a wide variety of skilled and semi-skilled activities ranging from food processing to producing different handicrafts and household items like pots, mats, cloth, etc. Trading is mainly service lending activities such as shop keeping, small business, and selling specific items like vegetables, fish, etc. The stimulant role of micro enterprise including small medium enterprises in the economic growth and the development have established in many literatures, however the financial access is determine their growth, for instant, [1] stated that access of finance is correlated with growth rate of job. The recent study of the International Finance Corporation (2013) also pointed the importance of financing to the small enterprises there are four channels through which finance leads to job creation: (1) finance helps start new businesses entrepreneurship, (2) finance helps businesses make larger investments, (3) finance provides businesses with liquidity, and (4) finance supports indirect job creation through supply and distribution chains. Considering the pivotal role of micro enterprises including SMEs in economic growth of the country, the government already have taken numerous policy measures to convert and maintain the sector as strategically important segment in the growth trajectory. Despite all these, the credit supply remains unsolved and major hurdle to the growth of the sector. In fact Micro, Small, and Medium Enterprises (MSMEs) particularly micro enterprises constitute a large size of the private sector, particularly in developing countries, further as compared with larger enterprises, the micro enterprise face greater difficulty in accessing finance and infrastructure services, as well as in complying regulatory norms like licensing and other governmental requirements. Even though the importance of micro enterprises in growth and development is well recognised, but the credit accessibility of the sector still continues as scarce and inadequate. The formal financial institutions are often dormant to process and to sanction the loan applications of micro entrepreneurs. It is mainly due to the perceived risk nature micro enterprises, prudential norms of financial institutions, in ability of enterprises to meet collateral requirements etc. The studies show that the government's initiative such as policy measures and good practices can support micro enterprises for increased access to credit [2, 3]. Recognising the financial shortage of the micro enterprises and reluctant nature of financial institutions in extending credit to micro enterprises, the Government of India launched MUDRA Yojana commonly called 'Micro Unit Development and Refinance Agency' (MUDRA) on 08 April 2015, with the vision of 'to be an integrated financial and support services provider par excellence benchmarked with global best practices and standards for the bottom of the pyramid universe for their comprehensive economic and social development'.

MUDRA Yojana is an extension in lending infrastructure of country as more specialised and wide covered, particularly focused on micro enterprises. The idea behind in establishing MUDRA Yojana as a new window for micro enterprises is to reduce under financed or no financed issues of micro enterprises. 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 result than direct support for business development, including MSMEs [4]. The current paper attempt to evaluate the role played in a short span of time and how the schemes benefited to large margin of the society. The paper also attempt to give suggestions to improve the schemes so as to substantially reduce the credit crunch of the sector. The paper organised as; the first section discusses the economic significance of the micro enterprises and reminds the financial shortage is a major hurdle in its growth trajectory. In the second section, literature reviews, elicit the financial shortage of the sector and the role of financial institutions to mitigate the same. The third section conceptualise the MUDRA Yojana; its origin and functioning etc. Further the section also assesses the performance of the schemes so far. In last section, the conclusion, it states the importance spreading the schemes in various sectors too.

2. Literature survey

The literature reviews classified into two sections: first section discuss various literatures regarding issues particularly financial issues of micro enterprises for their growth and second part fortify the role of financial institutions in catering credit need. It also justify the need of the special financial arrangements for cater the credit needs of the sector.

2.1. Financial issues of micro enterprises

Micro, Small and Medium Enterprises (MSMEs) usually have limited resources of their own and look to the financial system for further sources at different stage of their business but in most of the case formal institutional has not been a source of the credit to the sector due to prudential norms of the institutions and the lack of proper maintenance of books of accounts in small entity. A number of studies have pointed the access to finance as a constraint on small enterprises development. Lack of credit to be main business constraint faced by especially emerging small entrepreneurs [5, 6]. According to International Financial Corporation (2011), Lack of credit or inadequate lending to SME is a perennial issue of the sector. Today, around 55 to 68% of formal SMEs 13.8to 20.4 million firms in developing economies are estimated to be unserved or underserved by the formal financial sector. In most of the case the traditional financial institution is not an option for smaller firms [7]. Financial accessibility issues have cleared as small enterprises access to bank loans is tedious, The underline issues related financial exclusions are their “illegality or partial legality..., lack of proper accounting; small size, therefore high transaction costs for banks; firm mobility, leading to high moral hazard and risk of default from a bank’s point of view, and lack of education” [8]. On the other hand banks and financial institutions itself face financial shortage and do not have enough funds backup for pump the small sector, various studies substantiates this statement, for instance, The supply of financing tends to dwindle under very tight monetary policy, because banks themselves have financial constraints and financial resources are in limited supply in the market in general [9]. Further in often case banks are dormant due to unprofitable in sourcing credit to the sector, this also analysed in some studies [10] they have noted that banks considers lending to SMEs is unprofitable and risky undertakings, thus have some reluctant while providing loan to SMEs. It was confirmed that financial access remains one of the basic challenges faced by micro enterprises and the investment climate and growth of micro enterprises is conditional upon an enhanced access of finance at different stages [11, 12]. While comparing with larger entity, the financial sources of SMEs are often limited to proprietor sources and to rely on financial institutions. Studies found that banks in developing countries are stiffer, less exposed to SMEs and charge exorbitant interest rate and processing fees [13]. Bank norms also crucial in credit accessibility, poor services, high interest rates, poor access etc in most case for the low usage forma bank services and complex application processes, lack of collateral and credit background also hindered in availing bank services. The literatures are depicts that financial shortage of the sector is a prime hurdle for unfolding the growth opportunities.

2.2. Role of financial institutions

There is an abundant and wide ranges of literatures are available in economics and finance to establish the strong bond between development of financial system and economic growth. the empirical evidence largely agree that the two are positively correlated, because the financial system plays a crucial role in reducing transaction and information costs, and facilitates efficient resource allocation. A few literatures overstated this relationship [14, 15]. The literatures also fortify the role specialised financial institutions in the promoting microenterprises and eventually poverty eradication, for instance, the idea behind in the promotion of micro enterprises through the provision of financial credits by specialised financial institutions in both urban and rural areas has attracted widely and accepted universally [16]. The well-established specialized financial institutions are the need of the hour for channelizing credit to micro enterprises, as the case of Grameen Bank in Bangladesh, MFIs have developed as specialized financial institutions and that cater to the needs of the poor through financial credit [17]. The need based credit and focused lending is the need of the hour, improvement in lending technology in extending credit can helps the beneficiaries to avail the benefits without any collateral requirements [18]. Various institutional arrangement already implemented and shown success in micro credit, for example, World Bank-based Consultative Group to Assist the Poorest (CGAP), the Micro-Credit Summit held in Washington DC in February 1997, the Dhaka-based Grameen Trust and Asia’s CASHPOR network, have been taken have been working and significantly contributed in reducing poverty. The relationship between finance and entrepreneurship development well understood and an enormous volume of writings over the past decade are available. For instance, the financial system plays a central role in establishing and strengthening firms. Production schemes, especially long-term, large-scale projects, need a system capable of capturing and allocating the resources of multiple savers [19]. The financial institutions have been playing an active role in any economic system by channelizing the surplus resources from various sectors and deploys in needy sectors.

The financial system brings together the resources of numerous savers for allocation to large and productive projects [20]. The substantial strengthening of access of finance is a one of the core strategic action for fostering entrepreneurship and small businesses. So the prevailing economic situations call for a separate financial arrangement for the requirement of micro, small and medium enterprises and to meet their credit needs. IFC jobs study [21] concludes that to reduce the financial shortage and to mitigate the financing constraints, governments, finance institutions, financial intermediaries and other private sector actors should all arbitrate. Financial reforms, improvements in financial infrastructure, advanced financial instruments etc should together grow for extend the financial services to unserved and underserved groups. All these eventually lead to a balanced economic growth.

3. Objectives of the study

1. To discuss the context of origin and the functioning of the MUDRA Yojana in India
2. To evaluate the role of the MUDRA Yojana Scheme in financing micro enterprises

4. Hypothesis

1. H01: There is no significance difference in generation of MUDRA Accounts among region and Schemes
2. H02; There is no significance difference in credit disbursement among regions and MUDRA Schemes

5. Research methodology

The research methodology includes three stages, namely Source of data, Research design and Statistical tools. The data related to MUDRA Yojana mainly sourced from annual reports of MUDRA Yojana and its website, data also have taken from various journal, magazine and periodical, etc. Consultation with experts and supervisors in banking and finance also helped to reach accurate data sources. In the case of research design, the total MUDRA Credit hardly stipulated in to three categories namely 'Shishu' (credit amount up 50,000), and 'Kishore' credit amount between (50000 to 5 Lakh) and Tarun (maximum credit 10 Lakh). Further, all states (29) and Union Territories (7) have classified into four regions namely North, East (includes north-eastern states), West and Southern regions. The total of financial institutions (147) has classified in to NBFC (39), SBI and Associates (6 now merged), Public Sector Banks (21), Private Sector Banks (18) Foreign Banks (2), RRB (56) and one Micro Financial Institutions. To achieve the objectives of the study i.e the role of MUDRA Yojana in financing micro enterprises, the relevant comparisons have done among schemes, regions, financial institutions, total credit and numbers of accounts, The statistical tools such descriptive, percentage and ANOVA has used in the analysis for test various hypotheses and statements.

6. Analysis and Discussions

6.1. Micro Units Development and Refinance Agency (MUDRA) Bank; An Overview

The government proposes to set up a Micro Units Development and Refinance Agency (MUDRA) Bank through a statutory enactment. This Bank has become as apex institution for regulating and refinancing all Micro-finance Institutions (MFI) which are accomplishing the business of lending to micro/small business entities engaged in various sectors, such as manufacturing, trading and services activities. Generally the proprietors of such entities are socially disadvantaged group of people, such as people belonging to Scheduled Caste, Scheduled Tribe or Other Backward Classes.

According to the NSSO survey of 2013, there are 5.77 crore small business out of it only 4% of such units have financial institutional accessibility. To mitigate the financial shortage of the micro enterprises or reach the mission object of 'fund the unfunded' the Government of India has launched MUDRA as an exclusive financial arrangement for funding the targeted groups the Table 1. Depicts the snap shot view of MUDRA Scheme and its functioning.

Table 1. Brief of MUDRA bank

Parameters	Description		
Scheme Name	Micro Units Development and Refinance Agency/ Pradhan Mantri Mudra Yojana		
Launched on	8 th April 2015		
Targeted Audience	Small Business Owners		
Loan Amount	50,000 to 10 Lakh		
Schemes name	Shisu (50000), Ksihor (5 lakh), Tarun (10 lakh).		
Theme	Funding the unfunded		
Scope of the Scheme	Across India		
Repayment	5 to 7 years		
No of Accounts	2015-16	2016-17	2017-18
	34880924	39701047	36903984
AGR of Accounts	1.9%		
Amount disbursed	2015-16	2016-17	2017-18
	132954.73	175312.13	175410.41
AGR of Disbursements	9.68%		

Source: Compiled from annual reports of MUDRA Yojana

1. Background

Focused finance for unfinanced or underfinanced sector is the requirement for ensuring balanced economic growth. A large number of the micro enterprises which are undertaking variety of economic activities and they literally covering the whole country with their own ventures. But most of them have been witnessed for premature death due to many limitations and growth constraints. The major constraints faced by such enterprises are lack financial access, limited infrastructure, issues related marketing, lack of constant policy base, issues related skill and knowledge gap etc., among all these problems lack of adequate financial support is the hurdle in their growth trajectory and root cause of all other constraints. In the above backdrop the Micro Units Development & Refinance Agency Ltd (MUDRA) was set up by the Government of India (GoI) for 'funding the unfunded' on 8 April 2015. MUDRA has been initially formed as a wholly owned subsidiary of Small Industries Development bank of India (SIDBI) with 100% capital contribution. Presently, the authorized capital of MUDRA is 1000 crores and paid up capital is 750 crores, fully subscribed by SIDBI. The initial credit corpus of MUDRA was ₹20,000 crore and has a credit guarantee corpus of ₹3,000 crores. In lending, the prime objective of MUDRA is to give provide financial assistances to first generation entrepreneurs and existing small enterprises set up by the under-privileged sections of the society particularly those from the scheduled caste / tribe (SC/ST) groups, and. MUDRA and its schemes are functioning with a view of extending financial credit to marginalised groups and unfunded business entities [21].

2. MUDRA Products and Offering

Financial products of MUDRA targeted to small business entities like proprietorship or partnership firms running as small manufacturing units, shopkeepers, fruits or vegetable sellers, hair cutting saloon, beauty parlours, transporters, truck operators, hawkers, co-operatives or body of individuals, food service units, repair shops, machine operators, small industries, artisans, food processors, self-help groups, professionals and service providers etc.

Table 2. Financing schemes of MUDRA

Name of Schemes/ Stage of Units	Maximum Credit Limits	Rate of Interest	Eligibility
Shishu:	50,000	10% to 12%.	This scheme aimed to cater the financial needs of proprietor for meeting the initial expenses of business units
Kishor	5,00,000	14% to 17%	The scheme aimed to improve running business and to divert the business into profitable ventures
Tarun	10,00,000	16%	The entrepreneurs who have already started their business and want additional funds for expansion and renovation are eligible for this scheme

Source: Micro Units Development and Refinance Agency

The targeted beneficiaries under MUDRA Bank's gets credit of 10 lakh (maximum) the bank extends its products mainly in four heads namely 1. Technology enabler 2. To various financial institutions as refinance micro units; credit 3. Credit Guarantee to MUDRA loans, 4. Developmental and promotional supports (it includes sectoral development, Skill development, Entrepreneurship development, financial literacy, Institution development). The Table 2 shows the details finance scheme offered by MUDRA. Apart from these primary products, the bank launched specific products to cater most privileged groups. The schemes include loans to Land Transport, Community, Social & Personal Services, Food Product and Textile Product sectors. Schemes would similarly be added for other sectors / activities which are as follows:

1. Micro Credit Scheme (MCS)
2. Refinance Scheme for Regional Rural Banks (RRBs) / Scheduled Co-operative Banks
3. Mahila Uddyami Scheme
4. Business Loan for Traders & Shopkeepers
5. Missing Middle Credit Scheme
6. Equipment Finance for Micro Units

3. MUDRA card

The Micro enterprises face the issues of working capital as well as fixed capital equally; the MUDRA makes arrangements for meet the working capital requirements along with long term credit. The MUDRA Card functioning as a 'bridge loan' for meets the working capital of microenterprises. MUDRA Card is innovative in micro credit and it also helps bring beneficiaries into financial inclusion and transactions in digital form as a historical record .National Payment Corporation of India (NPCI) has recognised MUDRA Card as major credit card and also given RuPay branding to MUDRA Card, separate BIN / IIN for the same. The beneficiaries can use the card like other credit card to meet their working capital requirements of units in multiple withdrawal and credit. The card can be operated all over India and card holder can avail cash withdrawal facilities form from any ATM / micro ATM; and also make payment through any 'Point of Sale' machines. However, all credit and withdrawal allowed in MUDRA Card on the basis of actual credit due under MUDRA Scheme.

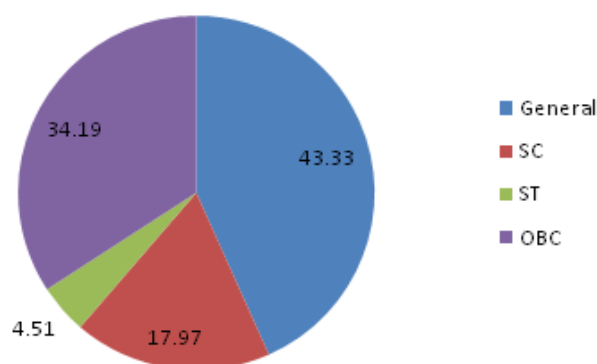
6.2. Analysis of MUDRA Accounts and Credits

This section mainly analyse the nature of MUDRA accounts and Credit deployment

1. MUDRA Credit and Social Groups

As stated, MUDRA is exclusive financial arrangement for unfunded groups; they include various social groups such as General, SC, ST and OBC. These entrepreneurs are generally didn't taken any form of credit from financial institutions.

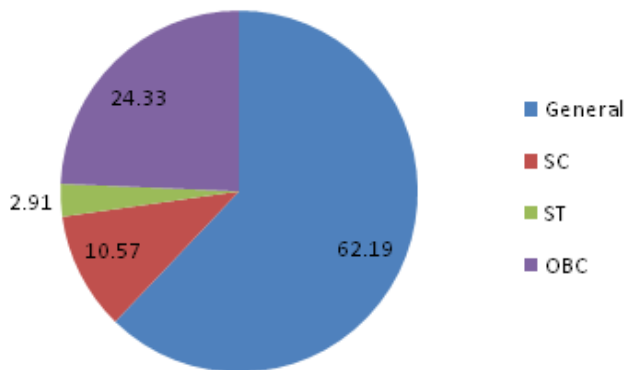
Figure 1. Proportion of accounts by social groups (%)



Figures 1-4 disclose the proportion of MUDRA account holders and Credit Allotment among Social groups and MUDRA Schemes during 2016-17 by different social groups, namely, General, Schedule Caste (SC), Schedule Tribe (ST) and Other Backward Community (OBC).

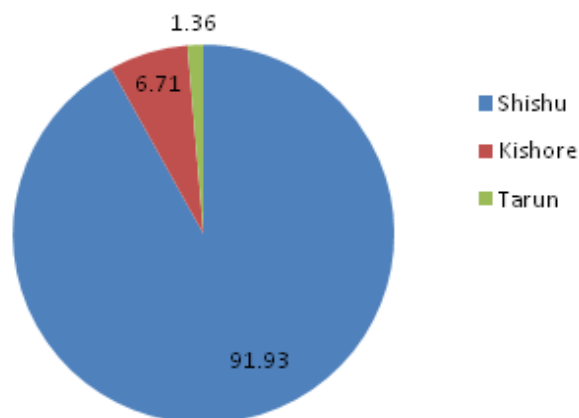
From the Figure 1, it is clear that 43.33% of account holders are general category followed by OBC with 34.19%. The participation of ST category in total MUDRA accounts is only 4.51%. The highlight of the analysis is that out of the total account holders 73.41% are women entrepreneurs and 25.16% account holders are new entrepreneurs. The 85% of the credit granted under the category of 'Shishu' i.e the credit less than or equal of 50,000.

Figure 2. Proportion of credit among social groups (%)



The number of accounts opened during 2016-17 under different 'mudra schemes' has been grown to 87.85% as compared with 2015-16. The majority of accounts under all the three categories ('Shishu (40.64%)' 'Kishore' (70.46%) and 'Tarun'(86.81%) are hold by General category, while the bank account growth rate of SC and ST categories are higher than OBC and General Categories. In the case of credit allotment, the general category with highest proportion, 62.19% is dominating, followed by OBC (24.33%) and SC (10.57%). The credit allotment to ST is 2.91% only. While comparing the credit allotment with 2015-16 figures, credit to SC shows higher growth rate (92.87%) in 2016-17. The total credit allotted during 2016-17 under different MUDRA credit scheme as, Shishu (47.85%), Kishore (29.12%), Tarun (23.02%) respectively, out which the credit allowed to women entrepreneurs is 44.63% and new entrepreneurs (39.91%) During 2016-17, the total credit allowed under 'Shishu Scheme' (less than 50000) deployed as General (41.26%) SC (18.80%) ST (4.48%), OBC (35.44%) respectively.

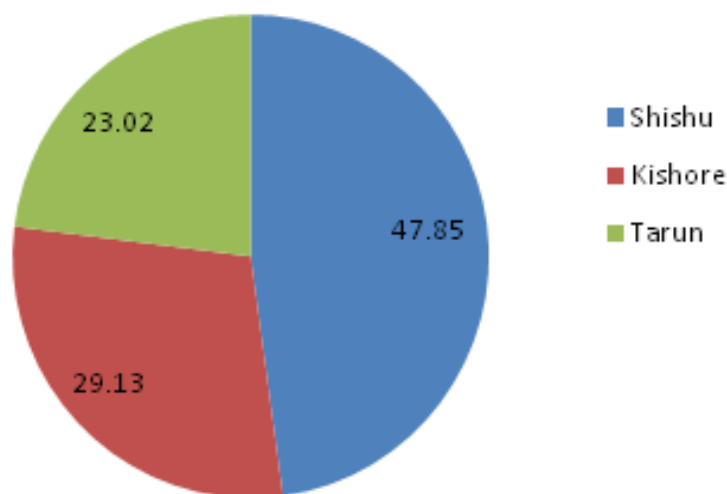
Figure 3. Proportion of accounts under different schemes



Source: Analysis of Researcher

Out of total credit under Shishu Scheme, the credit to women entrepreneurs constitutes a significant amount i.e 78.89%. the credit allowed to various social groups under the 'Kishore Scheme' (the credit amount 50,000 to 5 Lakh) as General (73.73%), SC (6.52%), ST (2.87%) and OBC (16.86), under the Kishore Scheme, 55.97% of the total credit allotted to new entrepreneurs and 2112% to women entrepreneurs. The total credit under 'Tarun scheme' (the credit amount of 5 Lakh to 10 Lakh) allotted to various social groups as; General (87.42%), SC (1.75%), ST (0.96%), and OBC (9.85%) respectively, out of the total credit, 53.37% allotted to new entrepreneurs and 8.25% to women entrepreneurs.

Figure 4. Allotment of credit under different schemes



2. Involvement of financial institutions

Since MUDRA Yojana is scheme, the active participation of financial intuitions is the fatal for successful implementation and to reach beneficiaries. The Table 3 depicts the details various financial institution under MUDRA Scheme. The Table 3 elicit the involvement of different financial institutions in facilitating the MUDRA credit across the country. Total of 143 financial institutions are participating to extend MUDRA facilities, these financial institutions include, NBFC (39), SBI and Associates (6 now merged), Public Sector Banks (21), Private Sector Banks (18) Foreign Banks (2), RRB (56) and one Micro Financial Institutions. The table depicts the bank wise details of bank accounts and disbursed credit during 2015-16 and 2016-17. The total MUDRA Bank accounts in above financial institutions shows increasing trend with the growth rate of 13.81%, similarly the credit disbursement also (31.85%). The NBFC-Micro Finance Institutions shows decline tendency in both accounts opening (-87.15) and disbursement (-76.59). The private sector commercial banks has significant role in both creation of accounts (187.56%) and disbursement of amount (93.61%), while the penetration rate of RRBs, which are high coverage of rural area, is insignificant; it constitute growth rate of 2.51% in creation of accounts and 3.33% in amount disbursement. The Micro Finance Institutions has significant involvement in generating accounts (51.84%) but the disbursement of credit is meagre (12.06%). From the table it could be interpreted that private sector commercial banks play significantly in extending MUDRA Services.

Table 3. Details of financial Institution under MUDRA Yojana

Financial Institutions	Number of Accounts			Amount Disbursed (in crore)		
	2015-16	2016-17	Growth rate (%)	2015-16	2016-17	Growth rate
Name of Financial Institutions						
NBFC-Micro Finance Institutions	23050447	2959858	-87.15	44026.06	10305.31	-76.59
SBI and Associates	1300589	1355806	4.24	16999.82	22385.02	31.67
Public Sector Commercial Banks	5306988	3456331	-34.87	39127.28	46063.3	17.72
Private Sector Commercial Banks	3067686	8821464	187.56	20025.65	38772.77	93.61
Foreign Banks	447	233	-47.87	21.34	14.78	-30.74
Total of Commercial Banks	9675710	13633834	40.90	76174.09	107235.87	40.77
Regional Rural Banks	1410787	1446333	2.51	10876.22	11238.99	3.33
Micro Finance Institutions	743980	1129709	51.84	1878.36	2105	12.06
Total	34880924	39701047	13.81	132954.7	175312.1	31.85

Source: Compiled from annual reports of MUDRA Yojana

6.3. Regional wise analysis of credit disbursement

In this we analysed the credit and accounts generation under different schemes of MUDRA Yojana. We have classified the total credit and the total accounts opened in India into four regions, namely North, East, West and South. The Northern region of country includes 9 sub regions, such as Chandigarh, Haryana, Himachal Pradesh, Jammu and Kashmir, Delhi, Uttar Pradesh, Uttarakhand, Punjab, and Rajasthan.

The East region of the country which also include north eastern states which are highly backward area due to various reasons, it constitute 13 sub regions such as Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Tripura, Nagaland, Odisha, West Bengal, Sikkim, Bihar, Jharkhand and Chhattisgarh. The Western region includes 6 sub regions such as Dadra & Nagar Haveli, Goa, D&Diu, Gujarat, Lakshadweep, Madhya Pradesh and Maharashtra; lastly the southern region of the country constitute 7 sub regions, such as Andhra Pradesh, Kerala, Pondicherry, Tamil Nadu, Telangana, Andaman & Nicobar. This section analyse the regional and schemes disparities in MUDRA credit and account.

Q1: There any difference in account generation among region and MUDRA Schemes

H0: There is no significance difference in generation of MUDRA Accounts among region and Schemes

The summary results of ANOVA Test on account generation between region and MUDRA schemes shows, east and north eastern states generated higher accounts followed by south and most of the accounts opened under the scheme 'Shishu'. Table 4 depicts the significance difference in account generation.

Table 4. Two factors without replication at α 0.05

Source of variation	SS	df	MS	F	P-value	F crit
Regions	5.41E+10	3	1.8E+10	16	0.002873	4.757063
Credit Type	2.13E+10	2	1.06E+10	9.433189	0.014048	5.143253
Error	6.76E+09	6	1.13E+09			
Total	8.21E+10	11				

The result of ANOVA Test, at 95% confidence level shows that there is significant difference in account generation between regions and schemes i.e reject the null hypothesis. The P-value, 0.002873, on the test regional difference in account generation is less than 0.05 significant levels. Similarly in the case of account generation under different credit type, the P-value, 0.014048, is also lesser than 0.05 significant level. It means in both case regional and schemes, there is significant difference in accounts opening. It could be further interpreted that most of the accounts opened under the Shishu Schemes.

Q2. There any difference in credit disbursement among region and schemes?

H0; There is no significance difference in credit disbursement among regions and MUDRA Schemes. The summary results of ANOVA test shows that western region of the country i.e. the states such as Dadra & Nagar Haveli, Goa, D&Diu, Gujarat, Lakshadweep, Madhya Pradesh and Maharashtra are got higher credit than other regions. The northern region has benefited lesser through MUDRA Schemes. But in terms schemes the credit through 'Shishu' schemes out numbering than 'Kishore' and 'Tarun' Table 4. One shows the details of the variance among region and between schemes.

Table 5. Two factor without replication α 0.05

Source of Variation	SS	df	MS	F	P-value	F crit
Regions	2.58E+09	3	8.59E+08	0.633078	0.620251	4.757063
Credit Type	8.9E+09	2	4.45E+09	3.280798	0.108973	5.143253
Error	8.14E+09	6	1.36E+09			
Total	1.96E+10	11				

At 95% confidence level, the result of Table 5 shows there is no significance no difference in amount disbursement among regions and Schemes i.e. the P-value, 0.620251 of regions analysis is higher than the. 05 significance level. Similarly the credit type also does not show any significant difference i.e. the P value, 0.108973, which higher than the 0.05 significance level. It mean there is no significant difference in credit distribution between regions North, East, West and South and between the Schemes, i.e. 'Shishu', Kishore and 'Tarun'.

7. Conclusion and Suggestions

The importance of promoting small enterprises including SMEs for a balanced economic growth and development is well established and universal fact particularly Global Financial Crisis 2007-08. Recognising the unique feature of the sector such as job creation, innovations, balanced economic growth and significant contribution to national development indices, many developing and developed economy have been giving prime top priorities for the protection and promotion of the small enterprises. But the sector not free from growth hurdles like, lack of skills, managerial issues, marketing problems and more over financial issues.

The financial shortage is root cause of all other issues of the sector. The specific or more specialised financial institution for serving the credit of the micro enterprises including SMEs is the need of the hour. The micro enterprises often dormant to source credit from financial institutions due to internal (illegal character of firms) and external (institutional norms) factors, as result micro enterprises in India, undertaken by different social categories such as skilled or unskilled , educated or uneducated, irrespective of income level, marginalised groups like women, SC,ST and marginalised groups are either unfunded or underfunded. The MUDRA Yojana is such a specialised or exclusive financial arrangement for serving credit for micro enterprises in India. In a short span of time it achieved high target in providing credit.

The current study has considered the credit deployment and accounts under MUDRA Schemes. The majority of the accounts holder and the beneficiaries of credit is General category but ST shows only meagre portion in both accounts opening and credit benefits. The government should initiate a separate and exclusive scheme to attract the excluded groups. Further the majority of the accounts opened under the 'Shishu' scheme, only meagre portion of accounts opened in Tarun Scheme. The government should focus on quality of the credit than quantity of the credit so as to ensure more participation in Tarun Scheme i.e comparatively large projects. The credit distributions in three schemes are satisfactory. The involvement of private sector shows better than public sector, but it is not a good trend. Similarly the RRBs little participation in MUDRA functioning. To reach the schemes benefits to targeted groups active involvement of public sector banks is necessary; they hold wide coverage than private banks. The overall participation in both creation accounts and credit disbursement shows positive trend. Further the government should ensure the improved participation of PSBs and RRBs in credit lending. The study also found that there regional disparities in opening of MUDRA bank accounts, eastern region of the country have opened more accounts but the credit to the doesn't shows such proportion. Similarly in the case of scheme Shishu scheme also shows such domination. But, the credit disbursement in various region and schemes are not much different. The northern region of the country shows comparatively lesser participation in both creations of accounts as well as sourcing of credit. To conclude the discussion, the government initiative for financing micro enterprises is moving in a balanced direction, the government should improve the bracket of beneficiaries as well as focus on quality of the credit rather than quantity of the credit.

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