



FINANCIAL PERFORMANCE ANALYSIS OF MUDRA YOJANA (2018–2022): A RESEARCH STUDY



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Abstract

The Pradhan Mantri Mudra Yojana (PMMY) is a premier effort of the Government of India designed to "fund the unfunded" by incorporating small and micro-businesses into the official banking system and offering them accessible financial assistance. This scheme allows micro-borrowers to obtain loans of up to ₹10 lakhs from various financial institutions, including public sector banks, regional rural banks, cooperative banks, private and international banks, microfinance institutions (MFIs), and non-banking financial firms (NBFCs). The initiative was formally inaugurated by the Honourable Prime Minister of India on April 8, 2015. In India, employment generation is largely driven by small enterprises rather than large industries. While large enterprises employ around 1.25 crore individuals, small and micro units provide jobs to approximately 12 crore people, making them a vital source of livelihood, particularly for unskilled and semi-skilled workers. After agriculture, this sector employs the highest proportion of individuals from low-income backgrounds. However, many aspiring entrepreneurs from these groups face significant challenges in obtaining finance, as traditional banks often consider them ineligible for credit. In response to this challenge, the MUDRA Yojana was established to foster self-employment and facilitate the development of micro and small firms. The article explores the objectives, functions, and significance of MUDRA Bank in facilitating the development of micro-business units and analyses the evolution and progress of the scheme between 2015 and 2019.

Keywords: *Employment Generation; Financial Institutions; Micro-businesses; Mudra Yojana; Self-employment*

Introduction

Micro enterprises play a crucial role in emerging economies with large populations, as they generate employment opportunities for a significant portion of the workforce. The importance of self-employment cannot be overlooked when designing national development strategies. The Micro Units Development and Refinance Agency Ltd. (MUDRA), instituted by the Government of India, functions as a financial entity focused on the development and refinancing of micro-enterprises [1].

The program was unveiled by the Hon'ble Finance Minister during the Union Budget presentation for the fiscal year 2015–2016, aimed primarily at offering financial support to the non-corporate small company sector. The majority of micro-entrepreneurs in India possess insufficient formal education and frequently neglect to maintain accurate financial records and requisite statutory documentation. As a result, banks encounter challenges in providing loans for corporate expansion [2].

Consequently, several small entrepreneurs depend on informal loan sources that impose exorbitant interest rates and stringent conditions. The MUDRA Yojana was introduced to address these challenges, offering accessible and affordable credit to small borrowers who are typically excluded from conventional banking systems because of limited financial literacy and absence of collateral. True to its mission, the scheme ensures that loans are sanctioned swiftly and with minimal procedural barriers. Interactions with bank managers and credit officers indicate that over 70% of MUDRA loan applications receive approval [3].

Rationale for the Study

This study employs a descriptive research methodology, predominantly utilising secondary information sources, including books, journals, newspapers, government reports, and official websites, such as the MUDRA Yojana portal and other government-operated organisations. The acquired data were analysed with descriptive statistical tools to evaluate findings and give significant insights into the scheme's implementation and impact [4].

Parameters of the Research

The research seeks to examine critical enquiries regarding the Pradhan Mantri Mudra Yojana (PMMY) and its efficacy in serving small entrepreneurs. It focuses on evaluating the outreach and accessibility of PMMY loans for micro-business owners and examines whether the scheme has simplified the process of obtaining credit. The study also investigates the challenges faced by borrowers, such as complex documentation requirements, uncooperative attitudes of loan officers, delays, or outright denial of loans.

Additionally, the research considers regional and institutional variations, analyzing the obstacles faced by lenders in different geographical areas and institutions while disbursing PMMY loans. It also assesses the differences in interest rates across institutions for the three PMMY loan categories—Shishu, Kishor, and Tarun [5].

The study further explores the socio-economic background of beneficiaries, including their caste (SC/ST), gender, and regional representation (NER), as well as their educational qualifications. It examines whether PMMY has led to any positive changes in the profiles of these beneficiaries. The research also examines the involvement of new financial intermediaries, including Small Finance Banks, Wholesale Institutions, and NBFCs, to assess how MUDRA's support has enhanced their capacity to aid micro-entrepreneurs.

The study evaluates the financial impact of PMMY on micro-entrepreneurs, especially among marginalized groups. It analyses changes in their income levels, business performance, employment generation, asset ownership, recovery of mortgaged property, and spending behaviour, thereby assessing the overall economic and social benefits brought about by the scheme [6].

Study Objectives

- To analyse the several elements and initiatives encompassed under the Pradhan Mantri Mudra Yojana (PMMY).
- To assess the financial performance and overall advancement of the MUDRA Yojana.
- To assess the influence of PMMY on micro-entrepreneurs from underprivileged communities, including Scheduled Castes (SC), Scheduled Tribes (ST), Other Backward Classes (OBC), and other marginalised groups.
- To evaluate the involvement of women and minority groups in the MUDRA Yojana.
- To evaluate the state of Non-Performing Assets (NPA) and analyse its correlation with the execution and efficacy of the MUDRA Yojana.

Methodology

This study employs a descriptive research design, predominantly utilising secondary sources of information, including books, newspapers, journals, official government reports, and websites, such as the MUDRA Yojana portal and additional government-operated entities. The collected data were analysed using descriptive and statistical tools to interpret trends and patterns related to the implementation of the scheme.

Limitations

The study faced time constraints during the collection of secondary data. Moreover, the analysis is based entirely on secondary information sources, such as annual reports, official websites, journals, and newspaper publications. No primary data was collected directly from respondents or field surveys, which may limit the scope of firsthand insights.

Literature Review

Mol [7] explained that issues such as fiscal illiteracy, lack of awareness, and high client acquisition costs continue to hinder the achievement of fiscal inclusion in India. To address these challenges, the Reserve Bank of India (RBI) launched several schemes leveraging data and communication technology to improve access to banking services for unbanked individuals.

According to Verma [8], the formation of the Micro Units Development and Refinance Agency (MUDRA) aims to promote equitable and sustainable growth by assisting partner institutions and establishing an enabling ecosystem for the development of micro-enterprises. The report examines diverse MUDRA products and services, including Micro Credit Schemes (MCS) and refinancing options for Regional Rural Banks (RRBs) and cooperative banks, highlighting MUDRA's significant contribution to enhancing India's financial infrastructure.

Roy [9] highlighted the absence of financial support as the principal obstacle to the growth of non-corporate small-scale companies in India. Acknowledging the essential function of these firms in employment generation and national revenue enhancement, the Government of India implemented the Pradhan Mantri MUDRA Yojana (PMMY) to bridge this gap. The program allocates funding to "last-mile financiers" via MUDRA Bank and regional coordinators, enhancing formal credit accessibility for micro and small enterprises.

Seema [10] and Agarwal and Dwivedi [11] regarded PMMY as a remarkable initiative of the Government of India that has significantly influenced the field of microfinance. Their findings suggest that the scheme benefits the underprivileged and low-income populations by expanding financial inclusion and enhancing competitiveness through increased credit and refinancing opportunities.

Mahajan [12] and Prakash & Devaki [13] observed that MUDRA is one of the most recent government interventions aimed at supporting small and micro enterprises. The scheme particularly targets aspiring entrepreneurs by providing accessible, collateral-free loans to help them realise their business goals. These studies underline MUDRA's importance in fostering entrepreneurship, boosting start-ups, and generating employment opportunities across India (refer to Table 1).

Table 1: Mudra yojana mission, vision and purpose

Vision of Mudra	Mission of Mudra	Purpose of Mudra
To establish itself as the premier comprehensive provider of assistance and financial services for those at the base of the economic pyramid, according to worldwide best practices and standards that underscore their vital contribution to the advancement of the economy and society.	To cultivate an encompassing, resilient, and value-oriented entrepreneurial culture in partnership with allied institutions, focused on enhancing financial stability and economic prosperity.	Our main purpose is to support and promote partner organization in order to achieve development in a way that is both inclusive and sustainable, as well as to foster the increase of the micro business sector.

Source: Gupta [4]

Key Objectives of Mudra Yojana

The PMMY has performed a significant role in supporting the small enterprise sector and is recognized as a reliable long-term initiative for promoting inclusive economic growth. The key objectives of MUDRA Bank under this scheme are outlined below:

1. To oversee and assist small lenders and borrowers to guarantee the stability of the small finance ecosystem and promote broader engagement in formal financial systems.
2. To furnish financial and credit support to minor financial institutions and entities that offer loans to individuals, self-help groups (SHGs), small enterprises, and retail merchants.
3. To establish a registration and accreditation framework for all Microfinance Institutions (MFIs) for the first time, introducing a grading system to help borrowers identify and connect with credible institutions. This initiative aims to enhance transparency, foster healthy competition among MFIs, and ensure that borrowers become the ultimate beneficiaries.
4. To establish explicit and pragmatic lending standards that borrowers can adhere to in order to avert business collapse or implement corrective measures when required. MUDRA also attempts to develop industry standards and best practices that lenders can utilise to ensure effective loan recovery in cases of default.
5. To establish standardised covenants and operational frameworks that will provide a structural underpinning for the last-mile financial services sector.
6. To provide credit guarantees for small business loans through dedicated credit guarantee schemes, thereby reducing lending risks for financial institutions.
7. To use contemporary technological solutions that optimise the loan process, improve the operational efficiency of financial institutions, and expedite the approval, monitoring, and disbursement of money.
8. To enhance the establishment of a resilient financial and credit delivery framework for small and micro enterprises under the Pradhan Mantri MUDRA Yojana, guaranteeing sustained access to capital and prospects for business expansion.

Eligibility for MUDRA Yojana

Indian citizens with a feasible business plan for income-generating activities—encompassing manufacturing, trading, processing, or service sector firms outside the corporate domain—are eligible to apply for financial help under the Pradhan Mantri MUDRA Yojana (PMMY). Qualified candidates may seek loans from banks, microfinance institutions (MFIs), or non-banking financial firms (NBFCs) through the Micro Units Development and Refinance Agency Ltd. (MUDRA), as long as their credit needs do not surpass ₹10 lakh [14].

Types of Loans Provided:

Under the umbrella of the Pradhan Mantri MUDRA Yojana, MUDRA has developed different products and schemes tailored to support entrepreneurs at various stages of business growth.

- **Shishu Loan Scheme:**

This category is designed for new and micro-entrepreneurs who are just starting their business ventures. Under this scheme, loans of up to ₹50,000 are sanctioned to help individuals cover their initial business setup or operational costs. It primarily targets those looking to launch small-scale enterprises and requires minimal documentation and collateral [15].

- **Kishor Loan Scheme:**

The Kishor category of the MUDRA Yojana is designed for existing small and medium enterprises that are already operational and seeking funds for expansion or modernization. Under this scheme, business owners can avail term loans up to ₹5 lakh to strengthen their operations and support further business growth [16].

- **Tarun Loan Scheme:**

The Tarun category caters to established businesses in the manufacturing and service sectors that aim to upgrade their operations or expand their infrastructure through technological advancements. Under this scheme,

entrepreneurs can receive loans ranging from ₹5 lakh to ₹10 lakh, enabling them to scale up and enhance productivity [17].

- **Land Transportation Sector/Activity:**

This segment provides financial assistance to individuals and enterprises engaged in the transportation sector, helping them purchase vehicles for carrying passengers or goods. Eligible applicants may obtain funding for cars, small commercial vehicles, two-wheelers, four-wheelers, e-rickshaws, and passenger transport vehicles, thereby supporting mobility-based entrepreneurship [18].

- **Community, Social, and Personal Service Activities:**

The MUDRA Yojana also supports various community-based and personal service businesses, including saloons, beauty parlours, gyms, boutiques, tailoring units, dry cleaning services, bicycle and motorcycle repair shops, DTP and photocopying centres, medical stores, and courier services, among others. These initiatives promote local employment and self-reliance by empowering individuals to start or expand small service-oriented enterprises [19].

MUDRA Yojana Loan Process:

Individuals pursuing financial aid through the Pradhan Mantri MUDRA Yojana (PMMY) may visit any local branch of an eligible financial institution, including Public Sector Banks (PSBs), Regional Rural Banks (RRBs), Cooperative Banks, Private Sector Banks, Foreign Banks, Microfinance Institutions (MFIs), or Non-Banking Financial Companies (NBFCs). Loan approval depends on the qualifying criteria and rules established by the relevant lending institution. Applicants must submit a completed loan application form along with the required supporting documents, as listed below:

- **Proof of Identity:**

A self-attested copy of any government-issued ID such as Voter ID Card, Driving Licence, PAN Card, Aadhaar Card, Passport, or Photo ID card issued by an authorized government agency.

- **Proof of Residence:**

Acceptable documents include Voter ID, Aadhaar Card, recent telephone or electricity bills, property tax receipts, or Passport of the applicant, proprietor, or partners. Alternatively, a recent bank account statement or passbook attested by a bank official, government authority, local Gram Panchayat, or Municipality may also be provided.

- **Photographs:**

Recent passport-size photographs of the applicant (not older than six months).

- **Quotation/Estimate:**

A quotation or estimate for the purchase of machinery, equipment, or other items, including details of the supplier, product specifications, and cost.

- **Business Documents:**

Copies of relevant approvals, registration certificates, and documents verifying the address and identity of the business unit.

- **Category Proof (if applicable):**

Documentary evidence of belonging to specific social categories such as SC, ST, OBC, or Minority groups, if the applicant wishes to avail benefits or reservations under those classifications.

Result

Between 2015 and 2019, the quantity of Tarun loans exhibited a steady increase. Concurrently, the aggregate number of accounts in all three classifications of MUDRA loans—Shishu, Kishor, and Tarun—along with their approved loan amounts, exhibited a consistent increase throughout this timeframe.

Table 2: Different Categories Wise Mudra Report for the Year 2018-2022

Sr No	Year	Shishu (Loans amount up to Rs. 50,000)							
		General		SC		ST		OBC	
		No of A/Cs	Sanctioned amount	No of A/Cs	Sanctioned amount	No of A/Cs	Sanctioned amount	No of A/Cs	Sanctioned amount
1	2018-19	14680840	28523	5952482	10716	1606484	2983	10161240	19806
2	2019-20	14835512	34616	6985508	15775	1726857	3764	12949936	29738
3	2020-21	17911238	46539	8186001	19069	2418131	5476	14154425	33144
4	2021-22	25993019	73985	8767153	22557	3012074	7421	13735192	35688
Total A		73420609	183664	29891144	68116	8763546	19644	51000793	118376

Source: Gupta [4]

Table 3: Representing of Kishor (Loans amount from Rs. 50,001 to Rs. 5.00 Lakh)

Sr No	Year	Kishor (Loans amount from Rs. 50,001 to Rs. 5.00 Lakh)							
		General		SC		ST		OBC	
		No of A/Cs	Approved amount	No of A/Cs	Approved amount	No of A/Cs	Approved amount	No of A/Cs	Approved amount
1	2018-19	1458346	30286	143357	2680	62869	1179	404889	6927
2	2019-20	1896749	39135	139982	2040	59987	954	566784	8934
3	2020-21	3283034	63885	307214	3718	112795	1681	950831	13913
4	2021-22	4439825	75818	552277	5070	200315	2196	1413592	16784
Total B		11077954	209125	1142830	13508	435966	6010	3336096	46558

Source: Gupta [4]

Table 4: Representing of Tarun (Loans amount from Rs. 5.00 to Rs. 10.00 Lakh)

Sr No	Year	Tarun (Loans amount from Rs. 5.00 to Rs. 10.00 Lakh)							
		General		SC		ST		OBC	
		No of A/Cs	Approved amount	No of A/Cs	Approved amount	No of A/Cs	Approved amount	No of A/Cs	Approved amount
1	2018-19	340239	24949	18898	1296	8993	580	42287	3030
2	2019-20	468592	35281	10134	709	5658	388	55348	3979
3	2020-21	712207	52326	712207	52326	8381	550	73390	5239
4	2021-22	1302379	63985	1302379	63985	128940	973	192463	5971
Total C		2823417	176540	2043618	118315	151972	2490	363488	18219
Total (A+B+C)		87321980	569329	33077592	199939	9351484	28144	54700377	183153

Source: Gupta [4]

According to Tables 2, 3, and 4, between 2015 and 2019, a total of 8.7 crore loan accounts under the General Category—covering Shishu, Kishor, and Tarun loans—were recorded, with a total sanctioned amount of ₹5.69 lakh crore. During the same period, the OBC Category accounted for 5.5 crore loan accounts across all three loan types, with a total disbursement of ₹1.83 lakh crore. Similarly, the SC Category registered 3.3 crore loan accounts under Shishu, Kishor, and Tarun, with a total sanctioned amount of ₹1.99 lakh crore. For the ST Category, covering the years 2018 to 2022,

there were approximately 0.9 crore loan accounts across the three schemes, with a total sanctioned amount of ₹0.28 lakh crore during that period.

Table 5: Mudra Loan Report for Women Entrepreneurs Categories

Sr. No	Category	Women Entrepreneurs categories (for the year of 2018-2022)							
		2018-19		2019-20		2020-21		2021-22	
		No of A/Cs	Approved Amount	No of A/Cs	Approved Amount	No of A/Cs	Approved Amount	No of A/Cs	Approved Amount
1	Shishu (Loans up to Rs. 50,000)	27104118	50740	28473344	66196	32144132	78922	33403579	93977
2	Kishore (Loans from Rs. 50,001 to Rs. 5.00 Lakh)	472536	8775	624925	8743	1335192	15750	2875392	25667
3	Tarun (Loans from Rs. 5.00 to Rs. 10.00 Lakh)	51711	3975	49625	3341	78914	5499	783591	9509
Total		27628265	63190	29146894	78250	33558238	100171	37062562	129153

Source: Gupta [4]

According to Table 5, which presents data on women entrepreneurs, approximately 12.8 crore loan accounts were approved between 2018 and 2022, with a total sanctioned amount of ₹164.27 thousand crore during this period.

Table 6: Mudra Report for Minorities Categories in Terms of Accounts and Sanctioned

Sr No	Category	Minority categories (for the year of 2018-2022)							
		2018-19		2019-20		2020-21		2021-22	
		No of A/Cs	Disbursement amt	No of A/Cs	Disbursement amt	No of A/Cs	Disbursement amt	No of A/Cs	Disbursement amt
1	Shishu	3831950	6841	4786834	11187	4697008	12041	5455596	14604
2	Kishore	222084	4309	324071	5381	520750	7468	725905	9244
3	Tarun	34176	2410	43646	2907	52337	3647	70139	5181
Total		4088210	13560	5154551	19474	5270095	23155	6251640	29029

Source: Gupta [4]

According to Table 6, which outlines data for minority category beneficiaries, approximately 2.01 crore loan accounts were approved between 2018 and 2022, with a total sanctioned amount of ₹85.3 thousand crore during this period.

Table 7: MUDRA Report for New Entrepreneurs / Accounts

Sr No	Category	New Entrepreneurs/Accounts (for the year of 2018-2022)							
		2018-19		2019-20		2020-21		2021-22	
		No of A/Cs	Disbursement Amt	No of A/Cs	Disbursement Amt	No of A/Cs	Disbursement Amt	No of A/Cs	Disbursement Amt
1	Shishu	11081122	20942	8110486	18430	10047673	22259	10935180	28769
2	Kishore	1191917	22992	1586010	30002	2105072	41754	2016546	40195
3	Tarun	201629	14974	292974	21542	406582	29643	442076	31961
Total		12474668	58908	9989470	69974	12559327	93657	13393802	100926

Source: Gupta [4]

According to Table 7, approximately 4.7 crore new business accounts were approved between 2018 and 2022, with a total sanctioned amount of around ₹3.2 lakh crore during this period.

Table 8: MUDRA Report Showing Details of MUDRA Card

Sr No	Category	Mudra card (for the year of 2018-2022)							
		2018-19		2019-20		2020-21		2021-22	
		No of A/Cs	Disbursement Amt	No of A/Cs	Disbursement Amt	No of A/Cs	Disbursement Amt	No of A/Cs	Disbursement Amt
1	Shishu	456630	556.20	147371	356.44	122711	266.44	134238	292.39
2	Kishore	46266	405.85	27948	543.42	22044	529.41	23701	587.92
3	Tarun	14560	429.00	8605	616.00	7709	630.00	9366	772.00
Total		517456	1391.05	183924	1515.86	152464	1425.85	167305	1652.31

Source: Gupta [4]

According to Table 8, approximately 10.21 crore MUDRA Cards were issued or distributed between 2018 and 2022, with a total sanctioned loan amount of about ₹6.1 thousand crore during this period.

Table 9: State-wise Summary of MUDRA Yojana (2018–2022)

Sr No	State Name	Shishu		Kishor		Tarun		Total (Shishu+ Kishor+ Tarun for 2018-22)	
		Total (for 4 years)		Total (for 4 years)		Total (for 4 years)		No Of A/Cs	Disbursem ent Amt
		No Of A/Cs	Disburse ment Amt	No Of A/Cs	Disburse ment Amt	No Of A/Cs	Disburse ment Amt		
1	Lakshadweep	1896	4.32	898	16.83	89	5.91	2883	27.06
2	Daman and Diu	2048	3.02	1137	25.34	465	35.38	3650	63.74
3	Dadra and Nagar Haveli	6889	21.84	2438	42.1	804	60.15	10131	124.09
4	Arunachal Pradesh	29452	86.76	4631	117.24	2110	163.73	36193	367.73
5	Nagaland	34979	111.17	10427	186.1	2368	159.29	47774	456.56
6	Sikkim	62561	167.71	8722	155.01	3747	143.45	75030	466.17
7	Andaman and Nicobar Islands	21115	78.48	11761	196.61	2747	206.05	35623	481.14
8	Mizoram	22183	86.73	19241	330.09	1579	120.03	43003	536.85
9	Manipur	145596	344.81	17035	283.77	2580	178.81	165211	807.39
10	Meghalaya	87224	258.44	15584	315.09	4678	250	107486	823.53
11	Chandigarh	60307	135.37	22221	545.53	7388	566.45	89916	1247.35
12	Goa	117897	338.74	33905	705.36	9136	666.4	160938	1710.5
13	Pondicherry	470088	1256.1	56824	979.26	14563	686.39	541475	2921.75
14	Tripura	1050655	3113.56	107064	1146.74	4647	332.59	1162366	4592.89
15	Himachal Pradesh	206586	450.06	139143	3088.22	34273	2635.08	380002	6173.36
16	Jammu and Kashmir	93160	263.1	253200	5649.61	37529	2738.75	383889	8651.46
17	Uttarakhand	985515	2488.93	181737	3683.31	37457	2811.53	1204709	8983.77
18	Chhattisgarh	3395648	7537.49	241317	4088.44	51338	3808.9	3688303	15434.83
19	Delhi	1264576	3315.22	233889	5910.4	100412	7324.04	1598877	16549.66
20	Jharkhand	4222960	9555.2	272011	5297.04	51129	3835.7	4546100	18687.94

21	Haryana	2923703	7142.28	319030	6251.34	87724	6483.16	3330457	19876.78
22	Telangana	2090271	5210.94	467434	9303.84	97269	7051.74	2654974	21566.52
23	Punjab	2868047	7312.62	390315	7394.14	103952	7789.66	3362314	22496.42
24	Assam	5275355	14994.82	493486	5473.7	50157	2453.14	5818998	22921.66
25	Kerala	5352060	11527.51	774481	13350.89	97254	7239.1	6223795	32117.5
26	Andhra Pradesh	1698730	4447.59	1139412	19316.47	129667	8641.87	2967809	32405.93
27	Gujarat	4456427	11915.81	743688	13679.61	317178	12192.75	5517293	37788.17
28	Odisha	12039026	26524.13	464685	7630.2	81063	5283.12	12584774	39437.45
29	Rajasthan	5788547	14119.16	777604	15724.81	272832	14738.73	6838983	44582.7
30	Madhya Pradesh	10399449	24780.67	735116	13294.87	241524	11035.51	11376089	49111.05
31	Bihar	15503668	36359.08	907164	13718.03	111824	7239.51	16522656	57316.62
32	West Bengal	16400450	41349.31	1426071	18541.58	191866	9192.6	18018387	69083.49
33	Uttar Pradesh	14631035	30957.06	1182731	23203.15	246341	18537.68	16060107	72697.89
34	Maharashtra	13287767	31557.84	1240170	24039.66	333883	22759.87	14861820	78357.37
35	Karnataka	16678956	41019.19	1754500	27089.83	335160	17497.22	18768616	85606.24
36	Tamil Nadu	21401266	50964.07	1543774	24427.26	447211	16650.72	23392251	92042.05
Total		163076092	389799.2	15992846	275201.5	3513944	201515	182582882	866515.7

Source: Gupta [4]

Table 10: Financial Institution Wise Report of Mudra for the Year 2018-2022

Sr No	Bank Type	Total (Shishu+ Kishor+ Tarun for Year 2018-22)	
		No of A/Cs	Disbursement Amt
1	State Co-operative Banks	257	1.6
2	Foreign Banks	1544	84.25
3	Micro Finance Institutions	5561900	8297.11
4	Regional Rural Banks	5853423	53494.22
5	Small Finance Banks	17678858	61308.65
6	Non-Banking Financial Companies	8807412	75689.38
7	SBI and Associates	6803479	101560.5
8	Private Sector Commercial Banks	35623613	171697.9
9	NBFC-Micro Finance Institutions	85838218	190369.7
10	Public Sector Commercial Banks	16414178	204012.4
Total		182582882	866515.6

Source: Gupta [4]

Tables 9 and 10 indicate that Public Sector Banks approved roughly 1.64 crore loan accounts, totalling ₹204.01 thousand crore from 2018 to 2022.

Discussion

The period 2018–2022 in your tables shows rapid expansion in both accounts and amounts disbursed under PMMY, and recent literature helps explain several simultaneous patterns: widening outreach (especially to women and first-time entrepreneurs), growing reliance on non-bank channels (NBFCs, MFIs, small finance banks), and persistent concerns about loan size, credit quality and long-term enterprise viability [20].

First, multiple recent analyses document that PMMY substantially increased entrance to formal approval for previously unfunded micro-enterprises and huge share of new accounts were women and first-time borrowers. Large administrative trends and state-level disbursement increase mirror field studies reporting greater participation of women and new entrepreneurs, showing PMMY's success on outreach even as questions remain about depth of finance per enterprise [21].

Second, the shift of disbursements toward alternative financial intermediaries (NBFCs, MFIs, small finance banks) is highlighted in recent impact and program-evaluation work. These intermediaries helped scale last-mile delivery but also changed the risk and monitoring profile of the portfolio: NBFC/MFI channels expand reach fast but require stronger borrower assessment and recovery practices to limit future asset-quality deterioration. Your bank-wise numbers (large shares for NBFC-MFIs and private banks) fit this pattern [22].

Third, several empirical studies and program evaluations flag the insufficiency of average loan sizes for meaningful capital deepening even when account counts are large. Your calculated mean sanctioned/disbursed amounts (\approx ₹46k sanctioned; \approx ₹45k disbursed) are consistent with field evidence that many MUDRA loans are working-capital or very small startup sums rather than investments that meaningfully raise productivity or employment per enterprise. This helps explain findings that, although PMMY creates wide coverage, its contribution to durable business scaling is mixed unless follow-on credit or complementary non-financial support is available [23].

Fourth, recent evaluations emphasize heterogeneity across states and borrower groups. District/state studies show large variation in take-up, repayment performance, and outcomes for historically marginalized groups. Your state-wise and category-wise breakdowns (SC/ST/OBC/Minority, women) are therefore important for spotting where targeted policy (e.g., larger ticket sizes, handholding, credit-plus programs) is needed. These studies recommend pairing finance with training, market linkages, and easier scaling pathways [24, 25].

Finally, independent program assessments and government reviews stress improved monitoring, credit-scoring and digital onboarding to both preserve outreach and improve asset quality. Several recent reports call for (1) differentiated products (larger follow-on loans for viable micro firms), (2) stronger credit-guarantee calibration, and (3) a focus on non-financial support (business development services) to convert many micro loans into sustainable enterprises that create ongoing employment. Your recommendations section already points toward some of these remedies; the literature strengthens the argument to operationalize them (e.g., through targeted pilot programs and adjusted MUDRA card features) [26, 27].

Results of the Research

1. The study indicates a consistent growth in the total number of loan accounts within the Shishu, Kishor, and Tarun categories from 2018 to 2022, accompanied by a parallel rise in the total sanctioned loan amounts over this timeframe.
2. Between 2018 and 2022, Public Sector Banks approved around 1.64 crore loan accounts, totalling ₹204.01 thousand crore.
3. During the financial years 2018–19 to 2021–22, beneficiaries of the MUDRA Yojana collectively received ₹8.7 lakh crore (₹8,66,515.6 crore) in sanctioned loans.
4. Between 2018 and 2022, a total of 8.7 crore accounts (including Shishu, Kishor, and Tarun) were sanctioned under the General Category, with a cumulative loan amount of ₹5.69 lakh crore. Similarly, the OBC Category recorded 5.5 crore accounts and a total sanctioned amount of ₹1.83 lakh crore.
5. For the SC Category, from 2015 to 2019, approximately 3.3 crore accounts (covering Shishu, Kishor, and Tarun) were approved, with a total sanctioned amount of ₹1.99 lakh crore.
6. The ST Category, during 2018–2022, accounted for about 0.9 crore accounts, with an overall sanctioned amount of ₹0.28 lakh crore.

7. Out of all loans sanctioned, around 19.60 lakh MUDRA loans exceeded ₹5 lakh, while 1.04 crore loans were below ₹50,000. This indicates that higher-value loans (above ₹5 lakh) constituted only 1.45% of the total sanctioned loans.
8. The average disbursed loan amount under MUDRA was ₹46,530, while the average sanctioned loan stood at ₹45,034. This amount is relatively low for starting enterprises capable of generating employment and is significantly below the average per capita income of ₹1.11 lakh (as estimated by the Central Statistical Organization for 2017–18).
9. As per MUDRA's annual reports, about 3.64 crore beneficiaries (28%) of the 13 crore total borrowers were first-time entrepreneurs, while approximately 55% belonged to the OBC and SC/ST categories.
10. Government data shows that ₹2.53 lakh crore was disbursed under MUDRA Yojana in the last financial year, with cumulative disbursements of ₹33,215.87 crore, ₹9,847.58 crore, ₹72,412.70 crore, and ₹1,92,790.71 crore across different financial years. Overall, total disbursements have increased to ₹5.73 lakh crore over the last three years.

Recommendations

The scheme can be further expanded by increasing the participation of private sector banks and financial institutions alongside public entities. To address the existing ₹0–₹50,000 loan gap, provisions for smaller loan amounts should be strengthened to better serve micro-entrepreneurs. Additionally, sector-specific monitoring and evaluation should be enhanced to ensure effective implementation and support.

Greater promotion and wider utilization of the MUDRA Card can improve accessibility and ease of transactions for beneficiaries. Furthermore, special initiatives and tailored programs for women entrepreneurs should be introduced to help them overcome the unique challenges they encounter in establishing and growing their businesses.

Conclusion

The MSME sector has benefitted significantly from MUDRA loans, yet the funds sanctioned often fall short of meeting the actual financial requirements of these enterprises. Many MSME owners have expressed concerns that the loan amounts provided are insufficient to sustain or expand their businesses.

Since the launch of the PMMY, families across India have experienced an enhanced quality of life, being able to provide better education for their children while simultaneously generating employment opportunities for others. Inspired by the DICCI movement, many Scheduled Caste (SC) youth have been motivated to establish their own ventures, shifting from being job seekers to job creators.

The MUDRA Program has played a crucial role in improving the economic standing of SCs and other marginalized groups, particularly those who are illiterate or semi-skilled. By offering accessible financial assistance through various loan schemes, MUDRA has empowered them to start new enterprises and achieve economic independence. Over time, the scheme's contribution to building a stronger and more inclusive economy will become even more evident.

MUDRA has proven to be an essential tool for promoting livelihood generation and employability among the lower socioeconomic strata of society. It has not only supported those already employed but also encouraged individuals aspiring to work or start businesses. Studies indicate that each MUDRA loan creates at least one employment opportunity, with around 37% of beneficiaries in the sample group reporting new job creation.

The scheme's easy accessibility, low interest rates, minimal collateral requirements, and overall sense of financial security have made it particularly appealing to first-time borrowers. Despite these achievements, the loan sizes remain inadequate to fully meet the growth and expansion needs of MSMEs. The microenterprise sector has immense potential to generate employment and improve living standards; however, challenges including lack of credit history, limited collateral, and financial literacy continue to restrict its full development.

Conflict of Interest

The author declares no conflict of interest.

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