



Pradhan Mantri Mudra Yojana

Funding the unfunded



A Journey of nurturing the aspirations of the informal sector . . .

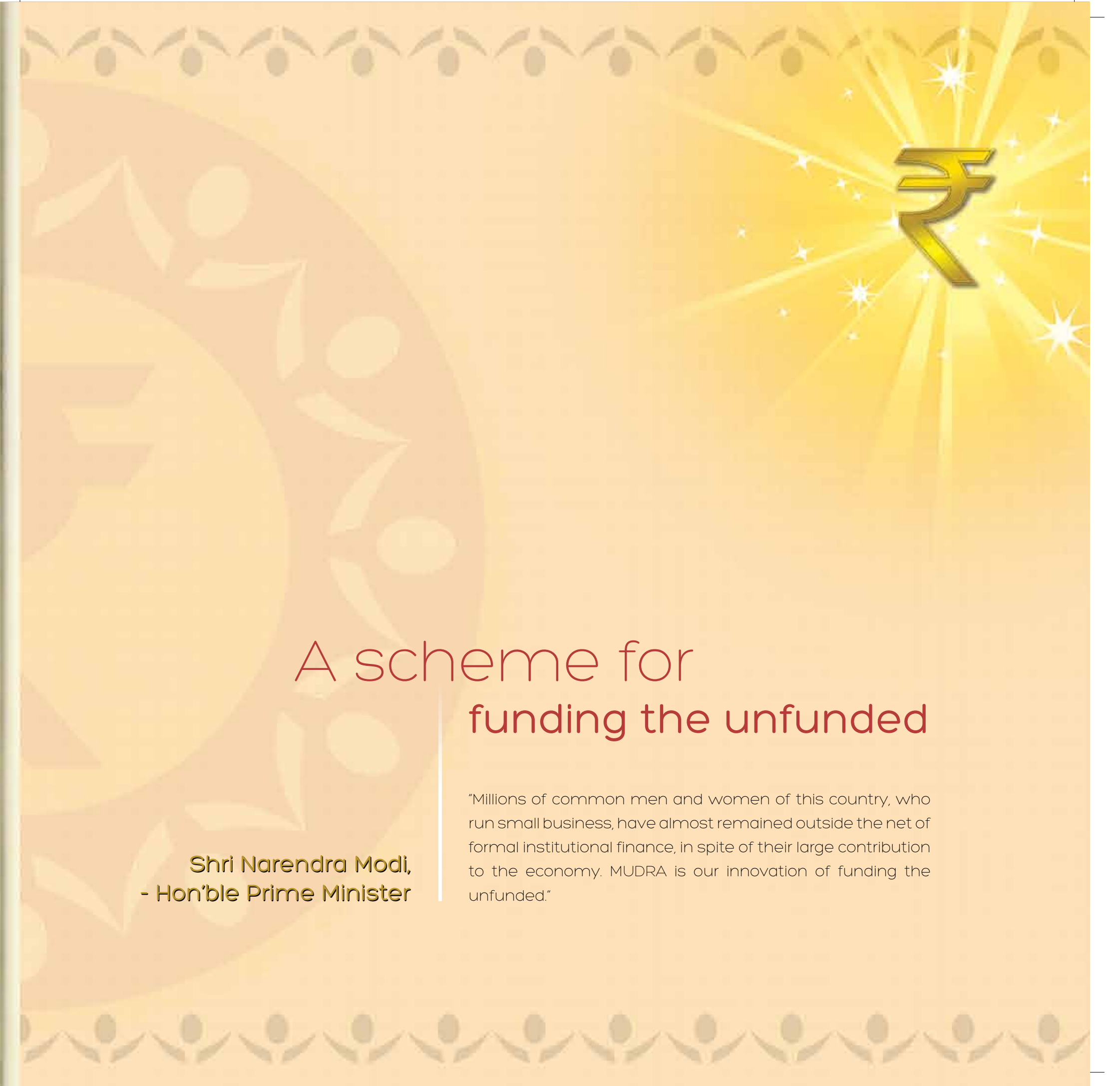


Pradhan Mantri Mudra Yojana (PMMY) - Funding the unfunded



MSME Development Center, C-11, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051.
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A scheme for funding the unfunded

Shri Narendra Modi,
- Hon'ble Prime Minister

"Millions of common men and women of this country, who run small business, have almost remained outside the net of formal institutional finance, in spite of their large contribution to the economy. MUDRA is our innovation of funding the unfunded."



**Dr. Kshatrapati Shivaji, IAS
Chairman MUDRA**

Message by Chairman

The Pradhan Mantri Mudra Yojana (PMMY) was launched by the Hon'ble Prime Minister of India in April 2015 with the overarching mission of "funding the unfunded" by extending small loans to micro enterprises engaged in income generating activities. The launch of PMMY is considered a big leap towards the avowed objective of financial inclusion being espoused by Government of India.

The Micro Units Development & Refinance Agency Limited (MUDRA), a wholly owned subsidiary of Small Industries Development Bank of India (SIDBI), has played a vital role in facilitating the implementation of the PMMY by providing refinance, extending Credit Guarantees support and monitoring the progress of the Scheme through a dedicated web portal. Given its innovative approach and smooth implementation, the scheme has been able to achieve remarkable success. In the first year of its implementation, PMMY has been able to provide financial assistance to nearly 3.50 crore micro entrepreneurs with a loan amount of ₹ 1,32,954 crore, thereby surpassing the target of ₹ 1,22,188 crore.

The success of the PMMY not only marked triumph of the Scheme in making a dent in the unfunded area but also demonstrates empowerment of the small entrepreneurs through the right implementation of the Yojana.

A glimpse of the success achieved under the Yojana is captured and presented in this book. The journey which started on April 8, 2015 with the launch of the PMMY and MUDRA is depicted through photographs, quotes and anecdotes of the enterprising micro entrepreneurs, which I am sure will enthuse a lot of people and other stakeholders.

I wish MUDRA and PMMY further success in this endeavour towards funding the unfunded.

(Dr. Kshatrapati Shivaji)



Acknowledgment

It gives me immense pleasure in presenting this coffee table book titled "A Journey of nurturing the aspirations of the informal sector" implementing the success of Pradhan Mantri Mudra Yojana (PMMY), a programme dedicated for providing loan to micro entrepreneurs, whose credit needs are upto ₹ 10 lakh, through banks and MFIs.

To support the programme, Micro Units Development & Refinance Agency Limited (MUDRA) was launched which extended funding support to last mile financial institutions. Further, Mudra Credit Guarantee is also extended to these institutions through NCGTC, a sister institution of MUDRA.



Jiji Mammen
Managing Director & CEO
MUDRA

The first year of implementation of programme has been very encouraging. I would like to place on record our appreciation and thanks to all banks and MFIs who participated in the programme and made it a great success. I would also like to thank the officials of DFS, GoI, and SIDBI, who extended their unstinted support for success of the programme.

Many thanks are also due to the Board of Directors of MUDRA, Mudra nodal officers and the staff of MUDRA in ensuring the successful implementation of PMMY and documentation of the same through this coffee table book.

(Jiji Mammen)



Pradhan Mantri

Mudra Yojana

Financial Inclusion and Beyond



Journey so far...



Launch of MUDRA

Micro Units Development and Refinance Agency Limited (MUDRA), was launched as a Financial Institution on 8th April 2015 by the Hon'ble Prime Minister, for supporting the last mile financial institutions, banks, Micro-finance Institutions (MFIs), Non-Banking Financial Institutions (NBFCs) and other lending institutions, which are in the business of lending to micro enterprises, engaged in manufacturing, trading, services and other income generating activities. MUDRA provides refinance, Credit Guarantee and other development support to these lending institutions to expand their outreach and providing support for "funding the unfunded". This in turn helps micro businesses across the length and breadth of the country. MUDRA's mandate includes developing the micro enterprise into a viable economic sector, through various developmental interventions, both financial and non-financial, with a view to enhance the income and employment opportunities in the country.

Launch of MUDRA

The Launch of PMMY

The Hon'ble Prime Minister of India launched the Pradhan Mantri Mudra Yojana (PMMY) in New Delhi on April 08, 2015, along with launch of MUDRA.

Speaking at the launch of the scheme, the Prime Minister said that "Supporting the small entrepreneurs of India is the biggest way to help Indian economy grow and prosper."

He further said that:

"People think it is the big industries and corporate houses that provide higher employment. The truth is, only 125 million people are employed by big corporate houses, against 120 million by the micro enterprise sector. We need to understand the energy of the bottom of the pyramid of individuals and provide them with means for upliftment."

He also said that the biggest asset of the poor is his or her integrity (ईमान). By combining their integrity with capital (मुद्रा) it would become a key to their success. He said, "पूँजी सफलता की कुंजी"।





**Pradhan Mantri
Mudra Yojana (PMMY) -**



Pradhan Mantri Mudra Yojana (PMMY) is a programme directed towards supporting income generating micro enterprises engaged in manufacturing, trading and services sectors with a loan requirement up to ₹ 10 lakh. Recently, the activities allied to agriculture are also included as eligible under PMMY.

Any Indian Citizen, who is eligible to avail of loan and has a business plan for an income generating activity can avail of MUDRA loan under PMMY.

MUDRA loans are disbursed in three categories as below:

Sr. No.	Category	Amount
1.	Shishu	upto ₹ 50000/-
2.	Kishor	₹ 50,000 and up to ₹ 5 lakh
3.	Tarun	above ₹ 5 lakh and up to ₹ 10 lakh

The micro enterprises loans upto ₹10 lakh are collateral free and they can be covered under Credit Guarantee Fund for Micro Units (CGFMU) operated by National Credit Guarantee Trustee Company Limited (NCGTC).



The Implementation

PMMY loans are being extended by all Public and Private Sector Commercial Banks, Regional Rural Banks (RRBs), Cooperative Banks, Foreign Banks, Micro Finance Institutions and Non-Banking Finance Companies.

Creating Awareness

To ensure that every individual at the bottom of the pyramid is benefited, wide publicity for the scheme was provided through electronic media, radio, posters, newspaper and other advertisements.

Town hall meetings were held and credit camps were organized as part of awareness creation. Further, simplified common loan application form for Shishu category was introduced and the application forms for Kishore and Tarun loans were also standardized.

The Progress so far

During 2015-16, a target of ₹ 1,22,218 crore was set for PMMY, against which ₹ 1,32,954.73 crore was disbursed, thus surpassing the target by the end of the year. For the F.Y. 2016-17, a target of ₹180,000 crore has been set. The achievements under PMMY is captured on a weekly basis through a dedicated PMMY Portal which is monitored by MUDRA. Apart from refinance, credit guarantee support is provided through the sister institution, NCGTC, to the eligible loans given by the partner institutions under the Pradhan Mantri Mudra Yojana.

The Implementation

The Progress so far

Review of PMMY Performance

- As against a target of ₹1,22,188 crore set for the year, banks and MFIs together disbursed an aggregate sum of ₹1,32,954.73 crore, achieving 109 per cent by year end.
- The Mudra loan objective of 'funding the unfunded' has twin purposes of seeding new enterprises and expanding existing units. Out of a total of 3.49 crore enterprises supported under PMMY during 2015-16, nearly 36 per cent (1.25 crore accounts) were first time borrowers (new entrepreneurs).
- Out of a total of 3.49 crore accounts a whopping 79 per cent (2.76 crore women) were funded under PMMY.
- A total of 184 crore accounts-nearly 53 per cent of the total financed under PMMY belonged to SC/ST/OBC category.

The breakup of the MUDRA Yojana performance during 2015-16:

Category	Disbursement Amount in ₹ crore
Shishu	62027.69
Kishore	41073.28
Tarun	29853.76
Total	132954.73

	Financial Institution	Disbursement Amount in ₹ crore
1	Public Sector Bank	56127.1
2	Private Sector Bank and Foreign Bank	20046.99
3	Regional Rural Bank	10876.22
4	NBFC-MFI*	44026.06
5	Non-NBFC MFI*	1878.36
	Total	132954.73



Value Addition
by MUDRA

Credit Guarantee Fund for Micro Units

As announced by the Hon'ble Union Minister for Finance in the budget for FY 2015-16, a separate credit guarantee fund was created for MUDRA loans, with an initial corpus of ₹ 3000 crore. National Credit Guarantee Trustee Company (NCGTC), managing various credit guarantee funds, was appointed as the implementing agency for Credit Guarantee Fund for Micro Units (CGFMU). The fund was constituted during 2015-16 and the schemes were notified on April 18, 2016 through a GoI gazette notification. To enhance the flow of credit at the ground level, the cover is given on portfolio basis as against individual unit.

MUDRA CARD

MUDRA Card is an innovative credit product, whereby the borrower can avail of credit in a hassle free and flexible manner. It provides a facility of working capital arrangement in the form of an overdraft facility to the borrower. Since MUDRA Card is a RuPay debit card, it can be used for drawing cash from ATM or Business Correspondent or make purchase using Point of Sale (POS) machine and repay the amount, as and when, surplus cash is available, thereby reducing the interest cost. During 2015-16, 5.17 lakh MUDRA cards were issued for an amount of ₹ 1476.96 crore.

"MUDRA MITRA"

MUDRA MITRA is a mobile phone application available in Google Play Store and Apple App Store, providing information regarding 'Micro Units Development and Refinance Agency Ltd. (MUDRA)' and its various products / schemes. It guides a loan seeker to approach a Banker in availing MUDRA loan under Pradhan Mantri Mudra Yojana (PMMY). Users can also access useful loan related material including sample loan application forms.



The Impact



**Padmini
Meher**

From daily wage earner to handloom owner

Padmini Meher lives in Attabira area of Bargarh district. She was managing her household expenses with great difficulty. The meagre income made by her by working in her fellow villager's handlooms did not suffice. Her husband worked as a daily wage labourer. Even after combining their earnings, the income was still insufficient to run the family. A steady source of income was very much needed for the family and this was made possible by the intervention of Annapurna Micro Finance under PMMY. With constant savings and appropriate use of micro-credit facility, today Padmini is a proud owner of handloom machine, on which she weaves beautiful saris and sells them, giving her extra income for her family.





**Susama
Behera**

Spinning coir for a livelihood

Susama Behera lives in Kumareswara village, located 20 kms away from Ballapatna, a non-descript town of Central Odisha. Although differently abled, Susama is vivacious and willing to take risks. Susama came to know about loan for micro entrepreneurs, which offers financial assistance to micro entrepreneurs. With appropriate utilization of funds, she now owns an independent coir making machine and sells finished products in the nearby market which has a very good response.



Moulding clay to the family needs

Suman and her husband had to toil hard to support family's daily needs. Suman knew the art of claypot making, which she thought could be used as a means of livelihood. She borrowed some money from her neighbours and started her business. The whole day she made clay pots, which her husband sold in the market. As her business did well, she wanted to expand it further. Cashpor Micro Credit came to her help and extended a micro loan of ₹ 15,000.00. With this, she expanded her business including owning a small piece of land, which provided clay, the raw material. She is now able to get a good margin for her pottery products. Seeing her success, the other women in the nearby areas are enthused and aspire for their own business activity.

Suman



Bhagyalaxmi



A ray of hope to the urban poor

Bhagyalaxmi, a housewife, residing at Sakinaka, Mumbai is an urban poor. The difficulties faced by the urban poor are vast and varied. Her husband's income was too meagre for the family. To contribute to family income, Bhagyalaxmi started working as a house help. They also started a VadaPav business from their residence, with the minimum capital. This helped them to increase their monthly family income. However, this was not sufficient to meet the sharply rising urban cost of living. Hence, she approached Suryoday Micro Finance Limited, an MFI operating in the area, which provided them a financial assistance of ₹ 20,000/-. With the help of this, Bhagyalaxmi expanded their Vada-pav business. Her business steadily grew and gave her good profit. They have now shifted their business in the Main Market Place and have put up a stall, which gives higher income for the family.

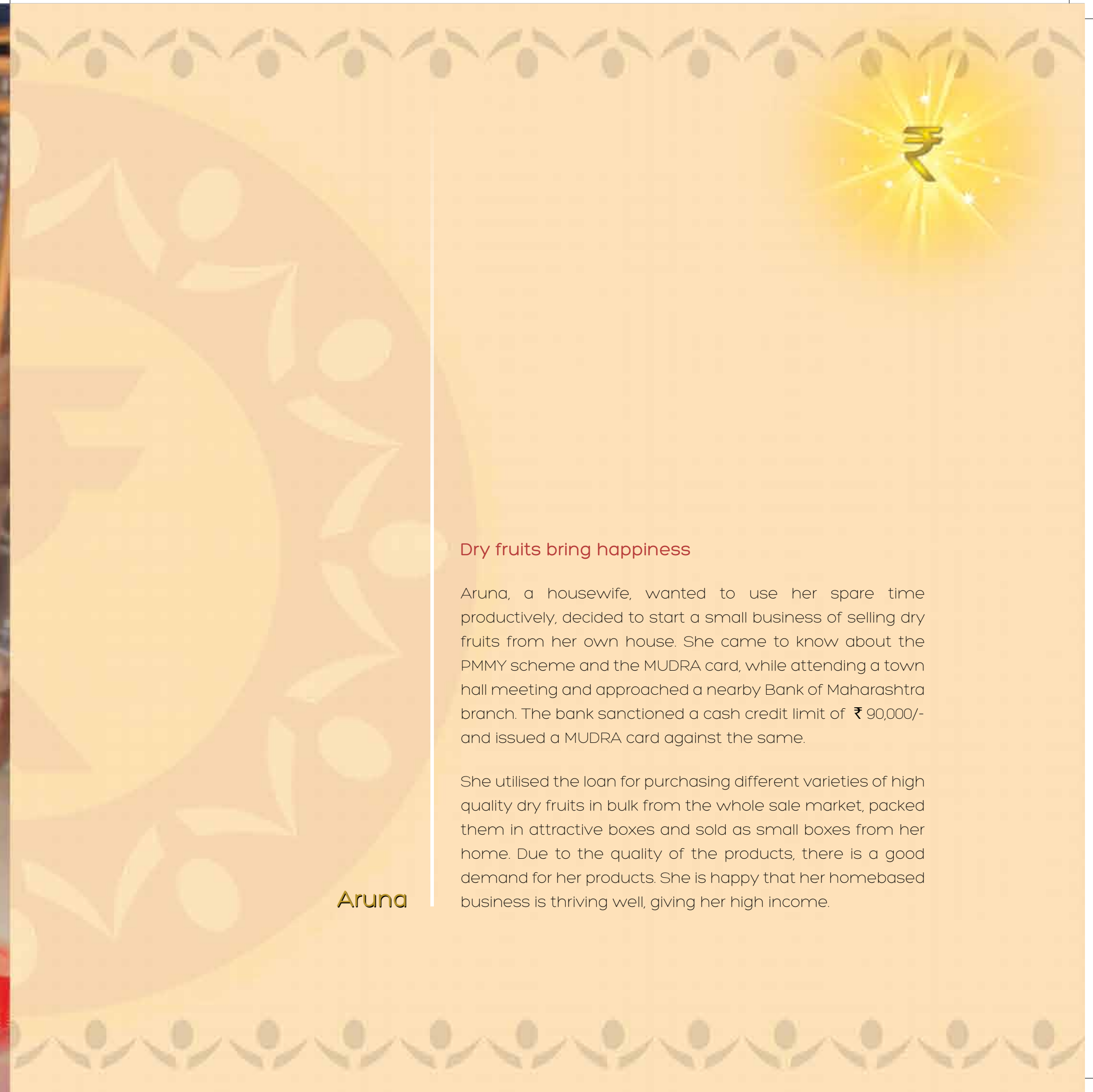


Bringing smile in hinter lands of North East Region

Lovilli Zhimomi comes from a poor tribal family. She started a small provision shop in 2007 in Khermal area of Dimapur, with a small investment by borrowing from friends and relatives. Lovilli learnt about the PMMY loan when she attended a Town Hall Meeting. She approached IDBI Bank and availed a loan of ₹ 50,000/- for expansion of her existing business mainly for procuring additional stocks. The business is now giving good returns to Lovilli, which is adequate to take care of the family needs.

Today she is able to support her brother's education and meet the family needs without any difficulty. She has also started saving the surplus.

Lovilli
Zhimomi



Dry fruits bring happiness

Aruna, a housewife, wanted to use her spare time productively, decided to start a small business of selling dry fruits from her own house. She came to know about the PMMY scheme and the MUDRA card, while attending a town hall meeting and approached a nearby Bank of Maharashtra branch. The bank sanctioned a cash credit limit of ₹ 90,000/- and issued a MUDRA card against the same.

She utilised the loan for purchasing different varieties of high quality dry fruits in bulk from the whole sale market, packed them in attractive boxes and sold as small boxes from her home. Due to the quality of the products, there is a good demand for her products. She is happy that her homebased business is thriving well, giving her high income.

Aruna



**Mehraj
Bee**

Sweeping Success

Mehraj Bee, a casual labourer, thought, "When the Swachh Bharat Campaign sends a message to keep India clean, will there not be a business for brooms?". Inspired by this thought, she toiled hard to find time after a typical day to make brooms with the limited resources available with her. Looking at her hard work and determination to support the family, Bharat Financial Inclusion Limited, an MFI, provided her a loan of ₹ 15,000 in January 2016. With additional resources, Mehraj Bee procured more raw material and increased her production of handmade brooms. As expected, the brooms fetched good market. As a result, her daily income has gone up by 50%. Her dreams do not stop here. She plans to expand the business, and the MFI has assured more support for the same.



Swachh Bharat Abhiyan brings business opportunities

Shailesh Bhosale, resident of Airoli, Mumbai was greatly impressed by the Prime Minister's call for a "Swachh Bharat" and was thinking how to contribute his bit in this noble Mission. He decided to start a unit which will not only help him in earning his income, but also help in contributing to Swachh Bharat Abhiyan.

Some of his friends told about Pradhan Mantri Mudra Yojana, being implemented by Canara Bank. He approached Turbhe SME Branch of Canara Bank in Airoli and applied for the loan for purchasing a Tanker with suction pump for cleaning of sewage drains in the City. The Bank sanctioned the loan under Tarun Scheme for ₹ 8.57 lakh. He obtained the loan and purchased the equipment for his unit. The unit is in good demand and has been doing well, both to maintain cleanliness and also earning his livelihood.

**Shailesh
Bhosale**





Weaving their way to prosperity

Vineeta Chaubey believes in sharing the work load. It was easy for her to let her husband run the small powerloom business and take the household responsibilities. But being enterprising and caring, she did not do so. With a view to earning a better livelihood, Vineeta applied for loan to Bharat Financial Inclusion Limited. For about 6 months she could not get the loan. But this did not dishearten her. She waited till she got the loan approved and purchased two motorised looms. She and her husband are now engaged in weaving sarees which fetches them good market and thereupon enhanced their daily income. As the saree business involves making large payments to vendors, BFIL's loan has come as a relief, due to which they are now able to procure raw material in bulk and repay the loan in easy installments.

Vineeta
Chaubey



Monetising Waste Material

Sindhu lives in a small village in Nilambur, Kerala. A relative introduced her to mat making with used cotton materials and waste material from the garment manufacturing units. However, she did not have adequate resources to take up this as an economic activity. One of her aunts who had taken assistance of ESAF, an MFI in Kerala, asked her also to join the Joint Liability Group (JLG) under ESAF. From then onwards there was no looking back. Today they produce upto 150 MATs in a day. She has a regular tie-up with the shopkeepers who buy about 400-500 pieces on a monthly basis. As the demand increased, she bought 2 more machines and employed 3 more women to work for her. The financial support has helped her in not only finding a regular income for her but also provide employment for other three persons.

Sindhu



This is an inspiring story of Babita

Babita is a hard working skilled woman having the enthusiasm and ambition of doing something big in life. She is skilled in tailoring, stitching and knitting work. She used to work alone on the single sewing machine owned by her. In order to realise her dreams, Babita applied for loan under Pradhan Mantri Mudra Yojana and purchased 7 machines. Today her unit employs 4-5 more women and she also imparts training to a few girls on tailoring and stitching. With the help of PMMY and with the ambition to change the lives of the poor women living in the neighborhood, Babita has not only improved her living conditions by increasing her income, but also has brought a visible change in the lives of the people working and learning with her. Babita plans to avail higher amount under the other categories of the scheme and aims to provide employment to many more poor women.

Babita



Economic emancipation through Small loan

Beena Yadav, resident of Lucknow, has a large family to support which includes her husband, two sons and two daughters. Beena took up the business of supplying tiffins in 2005, as a means of livelihood activity, as her husband was indisposed and could not continue to work. The high interest rates for her borrowing taken from local money lenders for her business had literally drained all her earnings. Then she heard of Margdarshak Financial Services Limited, an MFI which provided group assistance. Beena became part of a joint liability group of 10 women and obtained the financial assistance.

With the loan obtained from MFI, she has expanded the Tiffin Service business. As a result, her earning has gone up considerably. The business has helped her in shaping her children's career and in leading a dignified life. Beena and her group are thankful to Margdarshak Financial Services Limited for helping them achieve economic prosperity.

**Beena
Yadav**



A woman in man's world

Usha Babu, has been driving auto rickshaw taken on rent for the past 12 years. She was the only lady auto driver in Ernakulam district. The entire day she would ply the auto rickshaw and towards the end of the day, much of her hard earned money would be passed on to the owner of the auto. Her income was just not enough to make the both ends meet. Moreover, she was eager to have a better living. Thus she decided to approach a bank for a loan for purchasing an auto rickshaw of her own.

Accordingly, she approached Syndicate Bank, Shanmugam branch. The bank seeing her dedication and determination, sanctioned her a Mudra loan of ₹ 1.29 lakh under Kishore category with which, she purchased a new Auto rickshaw. Today she does not have to share her earnings and thus has been able to have a better life, taking care of her family.

**Usha
Babu**

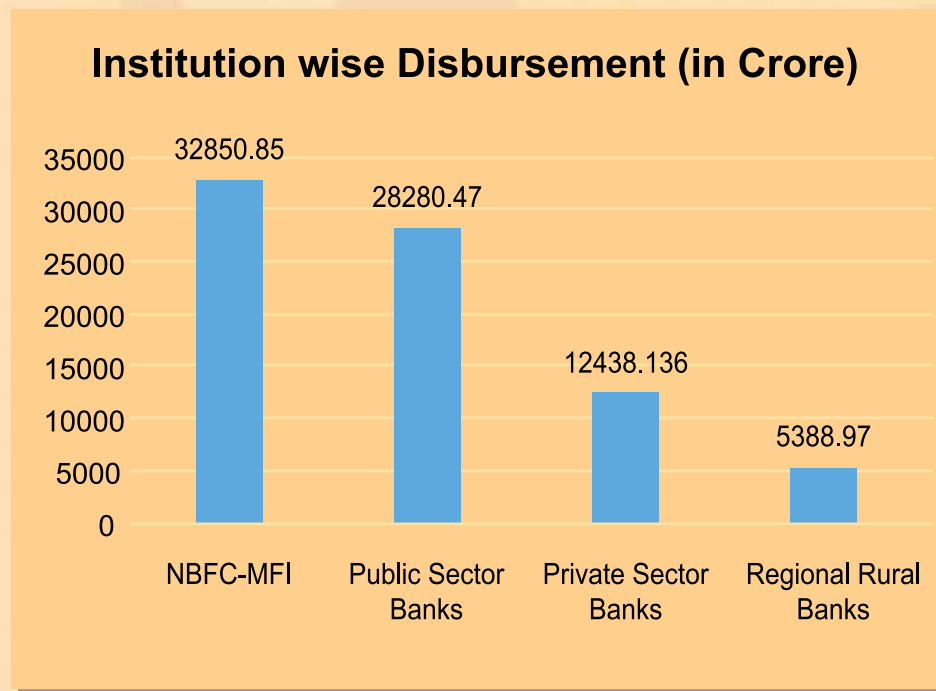
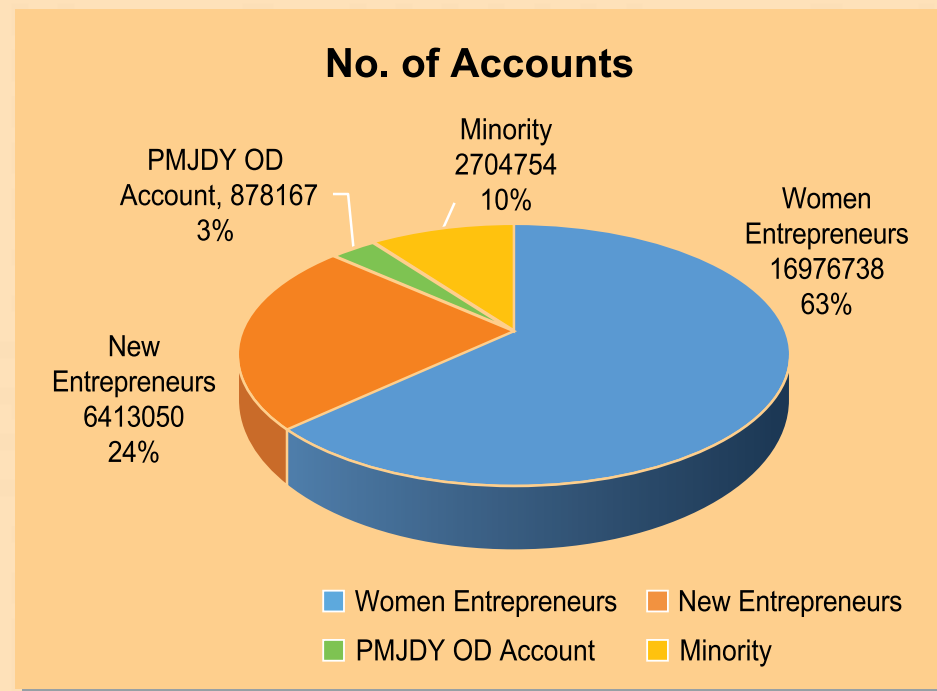
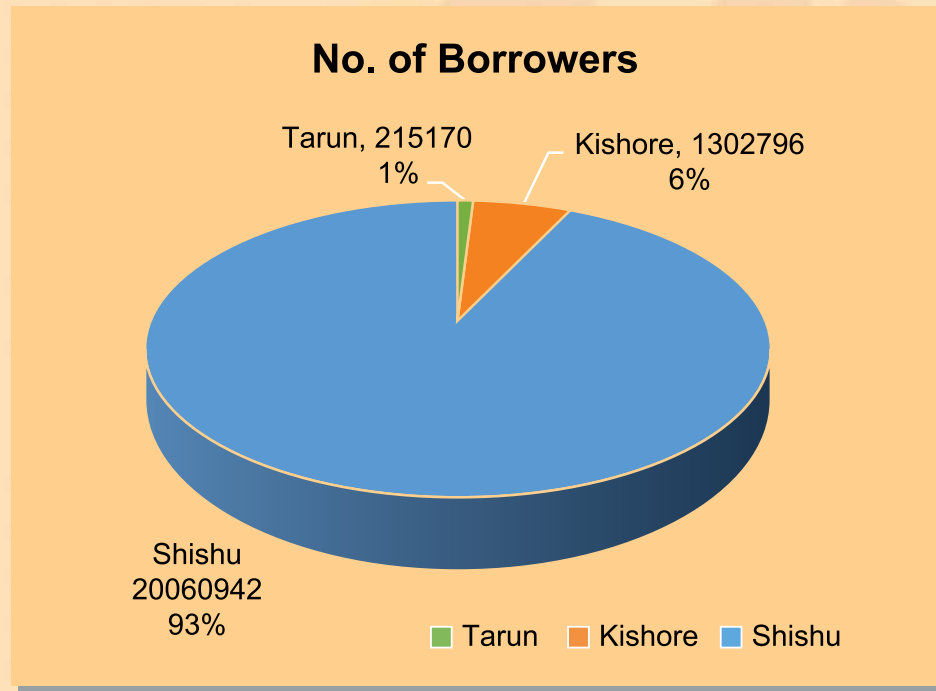
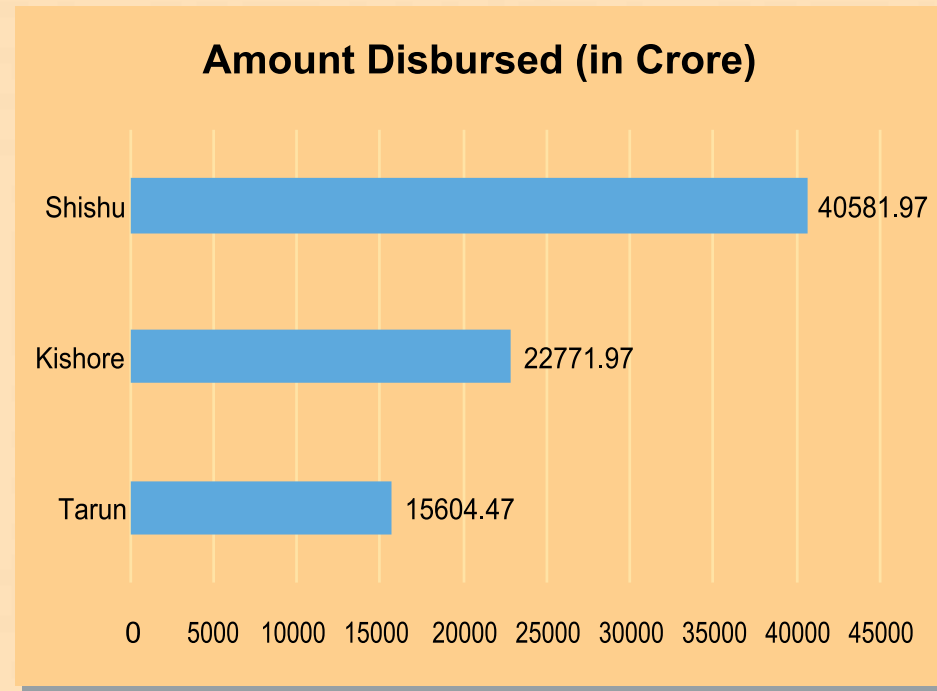


Building a career

Patimi Srinu is a college dropout and is about 24 years old. From childhood he was interested in Body Building and participated in various state level competitions. He was passionate about setting up his own fitness centre and encouraging people to adopt a healthy life style. Patimi Srinu's father was a daily wage worker; his family had no entrepreneurial background or experience in the business line. Meeting both ends meet was in itself a problem faced by the family. Therefore, raising the capital required for starting his business was a distant dream. It was then Patimi learnt about PMMY scheme and approached Canara Bank Siripuram Branch, the nearest bank and discussed his dream project. The bank officials were impressed by his plans and sanctioned ₹ 10.00 Lakh under Pradhan Mantri Mudra Yojana.

With the help of Mudra Loan, he established Maruthi Fitness Gym, an air-conditioned gym in Vishakapatnam, with imported machines which offers a comprehensive range of services, including weight loss programmes, rehabilitation and body shaping. The Gym has become an instant success and is providing good returns to Srinu.

Patimi
Srinu



Way Forward

Way Forward

India has one of the largest disaggregated business ecosystems, which contributes significantly to the economy and employment generation of the Country. Providing the funding support to the millions of these micro enterprises is a mission of MUDRA. Pradhan Mantri Mudra Yojana, which started with a bang, is expected to be a game changer in meeting the credit aspirations of the millions of units to grow from strength to strength thereby contributing more to the economy. MUDRA is committed to achieve this goal...



