



ROLE OF MUDRA BANK IN PROMOTING AND DEVELOPMENT OF RURAL ENTREPRENEURSHIP

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ABSTRACT

The MUDRA Bank, which has set up by Government of India, especially to strengthen and develop the micro units, which are striving to create new identity in the nation but unable to achieve it due to lack on one of the major resources i.e financial accessibility, keeping this view Government of India has enforced the scheme MUDRA, to encourage and maintaining sustainable development of micro units in India. It includes uniformity in its regulations and code of conduct for all micro units. The MUDRA schemes mainly deal with those who need less investment but operate with its own limit by starting new enterprises and enhancing development of existing enterprises. In India number of educated and illiterate have the desire of starting their own entities, but the major obstacle for attaining it is lack of financial resource mobility. Hence this paper focuses on how MUDRA bank is playing better role in removing such obstacle and leading better way for achieving their goals.

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INTRODUCTION

As per NSSO survey (2013), there are around 5.77 crore small/micro units in the country, engaging around 12 crore people, mostly individual proprietorship/Own Account Enterprises. But these entities are beyond the coverage of normal banking system and depend much on indigenous banking system. MUDRA Loan Scheme has been proposed to build confidence among persons, who had better knowledge in various segments of small business and desires to start their own investment with reduced risk. Furthermore, MUDRA bank has been allocated a sizeable corpus of low cost funding through a shortfall in priority sector targets of Rs 200 billion. It could become a prominent source of funding and liquidity a Non Banking Finance Companies- Microfinance Institutions (NBFC-MFIs) and other players in the sector. In ICRA's estimates, NBFC-MFIs cost of funds could come down by 100-400 bps depending on the share of funding the NBFC-MFIs are able to receive from MUDRA bank. However, it is important to understand the criteria MUDRA Bank might adopt for onward lending to players in MFI space with respect to interest rates and allocation among various players. Also, the Rs. 30 billion credit guarantee corpus could give a boost to the Micro, Small and Medium Enterprise sector that many a time struggles to provide collateral while availing of loans.

Pradhan Mantri Mudra Yojana Credit for Micro Enterprises

Pradhan Mantri Mudra Yojana (PMMY) also known in the Indian banking circles as the Mudra loan scheme not only intends to bridge the funding gap to the micro enterprises but also aims to boost the confidence of the first generation entrepreneurs and assist existing small businesses expand their activities. Non-corporate small business sector (NCSBS) and OAEs including proprietorship and partnership firms engaged in small manufacturing units, service sector enterprises, shop keeping, fruits and vegetable vending, trucking, operating food services, repairing and maintenance, operating machines, running small industries, food processing, handicraft making (artisans) among others in both rural and urban areas are potential Mudra borrowers under PMMY. From FY 2016-17 onwards, activities allied to agriculture have also been made eligible under PMMY.

PMMY envisages providing Mudra loans to income generating micro enterprises engaged in manufacturing, trading and services up to Rs 10 lakh. The MUDRA loans are divided into three categories based on the business life-cycle that the loanee enterprise currently is in. These three categories signify the growth, development and funding needs of the beneficiaries.

- **Shishu:** Loans up to Rs 50,000
- **Kishore:** Loans from Rs 50,001 to 5, 00,000
- **Tarun:** Loans from Rs 5, 00,001 to 10, 00,000

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In addition, the overdraft amount of Rs 5,000 sanctioned under PMJDY has been also classified as a Mudra loan. Need based term loan, overdraft limit or composite loan for acquiring

capital assets and/or working capital and marketing related requirements to eligible borrowers are provided under PMMY. The project cost to sanction loans is accepted on the basis of a business plan and proposed investment. Banks, NBFCs, MFIs, and other financial intermediaries enrolled by MUDRA periodically, are eligible to extend Mudra loans. To facilitate hassle free and flexible working capital assistance to the borrowers, MUDRA introduced the MUDRA card—a debit card on RuPay platform which can be operated across the ATMs and 'Point of Sale' (POS) Machines.

A borrower would be able to manage his credit needs by drawing funds from ATMs or make payments through POS machines, based on the requirement and repay as and when funds are available with him. Many partner banks / MFIs disbursed working capital loans by adopting the MUDRA card scheme. The lending terms of PMMY, such as, margin, interest rate, security, etc., are as per the RBI stipulations. In terms of RBI guidelines issued vide 'Master Circular on lending to Micro, Small & Medium Enterprises (MSME) Sector' (Para 4.2) dated July 01, 2014, banks are mandated not to collect collateral security in the case of loans up to Rs. 10 lakh extended to units in the micro and small enterprises (MSE) sector. Banks are required to encourage their branch level functionaries to avail of the Credit Guarantee Scheme cover, wherever desirable. In this case, a dedicated guarantee fund 'Credit Guarantee Fund for Micro Units' (CGFMU) has been constituted and has started its operations.

Implementation and monitoring of PMMY

PMMY is being implemented from April 08, 2015 the day it was launched. The Hon'ble Prime Minister ceremonially launched the programme by handing over loan amounts to a few borrowers. Department of Financial Services (DFS), Government of India has set up 'Mission Mudra' to closely monitor the programme. Periodic video conferencing by DFS officials with banks has helped in timely implementation and monitoring of the programme.

While the progress of PMMY is being monitored by MUDRA, NABARD is supporting it by following up with RRBs. Monitoring of MFI progress is being supported by MFIN in respect of NBFC-MFIs a segment that played a major role in dispensing micro loans and *Sa-Dhan* with regard to non-NBFC-MFIs. For effective monitoring, a dedicated portal linked to MUDRA website (www.mudra.org.in) was put in place to capture weekly data on the performance of institutions under PMMY. The portal captures nation-wide state level disaggregated data by category of loan and high growth in credit to MSEs, largely owing to the PMMY. Micro Units Development and Refinance Agency (MUDRA) Bank Dedicated Regulator and Refinancer –A Strong Positive for the Microfinance Sector.

The Government of India's (GOI) proposal to create a Micro Units Development Refinance Agency (MUDRA) Bank as a single regulator for all types of entities in the microfinance space is a positive for the sector. It is likely to bring in uniform regulation and a code of conduct for these entities. This would facilitate the adoption of responsible finance principles by all lenders and in-turn help prevent issues of overleveraging of borrowers. Further, MUDRA bank has been allocated a sizeable corpus of low cost funding through a shortfall in priority sector targets of Rs 200 billion. It could become a prominent source of funding and liquidity to Non Banking

Finance Companies- Microfinance Institutions (NBFC-MFIs) and other players in the sector. In ICRA's estimates, NBFC-MFIs cost of funds could come down by 100-400 bps depending on the share of funding the NBFC-MFIs are able to receive from MUDRA bank. However, it is important to understand the criteria MUDRA Bank might adopt for onward lending to players in MFI space with respect to interest rates and allocation among various players. Also, the Rs. 30 billion credit guarantee corpus could give a boost to the Micro, Small and Medium Enterprise sector that many a time struggles to provide collateral while availing of loans. Overall, microfinance grading as well as social performance assessments could provide a good starting point for MUDRA Bank's association with partners.

ICRA's assessment of the change MUDRA Bank could bring in the financial inclusion space is as follows:

1. ***Regulation and Supervision:*** MUDRA Bank would be the sole regulator for all players in the MFI sector, therefore will bring uniformity in regulations for the SHG Bank linkage programme, NBFC-MFIs, and trusts/societies/not for profit NBFCs/Section 25 companies engaging in MFI activities. Accreditation/rating of MFI entities would not only encourage the adoption of best practices across the industry but also regular monitoring of the same.
2. ***Funding and Liquidity:*** Increased access to low cost funding for MFIs could lead to a reduction in the cost of funds for MFIs, given that MUDRA bank is likely to have access to low cost funds and would lend at lower rates to the MFIs which could be passed on to the end borrower.
3. ***Expansion in Outreach and Partnership:*** with state level /regional level coordinators such as SLBC (State Level Banker's Committee) could lead to a focused approach in increasing access to financial services in underserved areas.
4. ***Others:*** The credit guarantee corpus of Rs. 30 billion for providing guarantees extended to microenterprises could encourage lenders to take higher exposures with limited risk.

As per ICRA estimates, the MFI sector (including SHGs and NBFC-MFIs) had a total portfolio of Rs. 780 billion as on September 30, 2014. Assuming an annual growth rate of 10% - 15% for SHGs and 30% - 35% for NBFC-MFI for the next 2 years, the overall microfinance portfolio is likely to cross Rs 1 trillion. The NBFC-MFIs alone are likely to have overall debt of Rs. 360 - Rs. 420 billion by March 2016. Refinance from MUDRA Bank could constitute a significant proportion of the overall debt of the MFIs. Since MUDRA Bank is likely to have access to low cost funds from short falls in priority sector lending, it is likely to pass on the same, leading to lower funding costs for players. Given that the present funding costs of MFIs vary from 12 - 16% with the median cost of funds being 14%, NBFC-MFIs cost of funds for MFIs could come down by 100-400 bps depending on the share of funding an MFI is able to receive from MUDRA bank. However, it would be important to understand the criteria MUDRA Bank could follow for onward lending to players in the MFI space with respect to interest rates and allocation among various players.

A single regulator for all entities engaged in microfinance could lead to adoption of a uniform code of conduct for all

players in the industry which could also define the best practices for delivery of financial services to the underserved. At present there are differences in regulations by different regulators, e.g. NBFC-MFIs are not allowed to take deposits, whereas certain trusts/societies still take security deposits from the end borrower. Further, only NBFC-MFIs are required to share information with credit bureaus, whereas Self Help Groups (SHGs) as well as the societies/not for profit institutions are not required to do so. Therefore a uniform code of conduct for all players would help in standardizing the regulations for the sector as well. For Housing Finance Companies (HFCs), NHB has been played a similar role of a regulator and refinance agency. At the same time, regulations for Banks and HFCs have generally moved in tandem with NHB following the change in regulations being brought about by RBI.

the society including women (that form a large part of microfinance borrower class) and weaker section in general, while maintaining best practices.

Objectives of the Study

The primary objective of the study is to assess the Role of Mudra Yojana in encouraging and developing entrepreneurs in India. Based on this primary objective, other specific and detailed objectives are drawn as under:

- To study the factors persuaded to set of MUDRA bank in India.
- To study the response of beneficiaries towards MUDRA bank system.
- To examine the accomplishment level of MUDRA bank from its inception to so far.

PMMY State wise Performance of Financial Year 2016-17

Sl No	State Name	(Amount Rs. in Crore)											
		Shishu			Kishore			Tarun			Total		
		No Of A/Cs	Sanction	Disbursement	No Of A/Cs	Sanction	Disbursement	No Of A/Cs	Sanction	Disbursement	No Of A/Cs	Sanction	Disbursement
1	Andaman and Nicobar Islands	1634	2.82	2.6	1149	31.55	30.76	570	45.78	44.98	3353	80.15	78.34
2	Andhra Pradesh	366322	1013.06	964.68	202197	3571.2	3314.29	19050	1493.75	1452.82	587569	6078.01	5731.8
3	Arunachal Pradesh	4645	13.21	13.16	1003	30.01	28.12	461	38.25	37.4	6109	81.46	78.67
4	Assam	1214502	3600.76	3593.18	34363	785.98	725.46	6889	521.56	505.91	1255754	4908.3	4824.54
5	Bihar	3622665	8419.54	8225.89	116492	2299.7	1944.19	17559	1471.36	1415.55	3756716	12190.6	11585.63
6	Chandigarh	14151	25.54	24.64	3400	83.03	80.56	1488	120.44	116.05	19039	229.01	221.26
7	Chhattisgarh	840480	1792.11	1749.77	34915	773.01	714.85	9546	769.14	745.24	884941	3334.27	3209.86
8	Dadra and Nagar Haveli	2196	7.42	7.41	255	5.03	4.4	136	11.04	10.8	2587	23.49	22.61
9	Daman and Diu	471	0.6	0.51	212	4.35	4.22	91	7.66	7.34	774	12.61	12.08
10	Delhi	148741	417.99	406.96	52485	1571.01	1550.65	23749	1773.96	1742.9	224975	3762.95	3700.51
11	Goa	22173	75.1	71.99	7166	163.34	156.33	1950	151.76	144.45	31289	390.2	372.78
12	Gujarat	944644	2434.58	2426.52	124658	2777.75	2727.28	34151	2569.6	2538.27	1103453	7781.94	7692.07
13	Haryana	652844	1499.67	1460.35	47513	1050.82	992.33	16265	1293.04	1244.91	716622	3843.53	3697.59
14	Himachal Pradesh	49158	107.2	99.35	27283	635.74	599.24	6410	538.78	515.43	82851	1281.72	1214.02
15	Jammu and Kashmir	23589	79.88	72.14	59232	1237.3	1114.22	6891	528.19	477.15	89712	1845.37	1663.51
16	Jharkhand	969948	2176.08	2129.45	43689	1034.2	1006.65	9956	793.85	772.9	1023593	4004.13	3908.99
17	Karnataka	3546071	8259.72	8166.92	332182	5666.11	5402.85	55325	4076.72	3720.93	3933578	18002.55	17290.7
18	Kerala	775022	1827.67	1782.74	189329	3063	3007.96	17909	1397.95	1349.75	982260	6288.62	6140.44
19	Lakshadweep	311	0.97	0.8	144	3.22	2.51	18	1.46	1.2	473	5.64	4.51
20	Madhya Pradesh	2532101	5493.89	5433.54	120581	2688.81	2543.23	30370	2323.75	2215.14	2683052	10506.45	10191.91
21	Maharashtra	3054130	6961.75	6909.4	220662	5082.03	4947.01	69362	5242.88	5120.34	3344154	17286.66	16976.76
22	Manipur	19099	58.61	58.22	2233	55.31	47.18	533	42.13	37.07	21865	156.05	142.47
23	Meghalaya	20357	60.32	60.04	2793	71.29	68.52	765	58.36	57.17	23915	189.97	185.74
24	Mizoram	3408	16.09	15.46	3278	62.22	53.16	287	22.9	21.7	6973	101.2	90.31
25	Nagaland	8723	25.31	25.08	1726	44.24	39.26	602	44.51	39.49	11051	114.06	103.83
26	Odisha	2525473	5332.04	5187.48	67611	1475.08	1376.17	13685	1084.22	1037.03	2606769	7891.34	7600.68
27	Pondicherry	121567	304.59	303.97	7985	121.17	118.85	808	64.85	62.66	130360	490.62	485.49
28	Punjab	618286	1527.57	1492.23	65920	1413.37	1370.16	21363	1699.9	1649.88	705569	4640.84	4512.28
29	Rajasthan	1015448	2456.79	2380.44	148125	3360.09	3291.1	41264	3207.83	3151.76	1204837	9024.71	8823.3
30	Sikkim	18466	52.77	51.66	1143	25.99	24.91	256	21.13	19.97	19865	99.88	96.54
31	Tamil Nadu	5000285	10931.84	10897.54	275564	4430.15	4258.53	34008	2690.68	2600.32	5309857	18052.68	17756.39
32	Telangana	379247	884.03	867.42	86416	1705.71	1651.17	17031	1288.64	1261.9	482694	3878.38	3780.49
33	Tripura	243249	720.77	719.12	9425	188.43	166.65	1133	90.22	82.78	253807	999.42	968.55
34	Uttar Pradesh	3076798	6884.38	6756.77	213841	4609.59	4388.28	46908	3788.64	3608.53	3337547	15282.61	14753.59
35	Uttarakhand	246341	632.54	622.27	33075	766.04	735.81	7163	575.54	555.79	286579	1974.12	1913.88
36	West Bengal	4415268	11003.54	10912.17	125457	2659.29	2576.24	25780	2032.18	1991.62	4566505	15695.01	15480.03
	Total	36497813	85100.74	83891.88	2663502	53545.14	51063.12	539732	41882.66	40357.13	39701047	180528.54	175312.13

Source: (MUDRA annual report)

Further, the credit guarantee corpus of Rs. 30 billion for providing guarantees extended to microenterprises could encourage lenders to take higher exposures with limited risk. This may have moral hazard issues, which could be addressed by structuring the product in a way that the credit quality remains under check. The micro-enterprises are typically asked for collateral at the time of applying for a loan, which is difficult for them to provide - a part of this can now be met out of this corpus. However the corpus would need to be expanded over time to increase outreach. It could also encourage MFIs to increase their exposure in relatively higher ticket size loans (Rs 50000) within the 15% qualifying assets window. Nevertheless, a challenge would be on incentivizing lenders and the appropriation of this fund across different segments of

- To study the problems and challenges ahead of MUDRA bank system in Indian environment

Scope of the Study: The study intended covers beneficiaries of MUDRA bank, who are in the surrounding of Shimogga District. At cover all such beneficiaries took loan from MUDRA for starting various types of micro entities. And also covers those beneficiaries who had taken MUDRA loan State Bank of Mysore in the surrounding of Shimogga, Karnataka.

Research Methodology

The following paragraphs elucidate the methodology followed in this study:

1. **Type of research:** This study is an empirical in nature, conducted to know the Role of Mudra Yojana in encouraging and developing entrepreneurs in India.
2. **Research tool:** This study is conducted through random sampling method.
3. **Sample size:** Sample size is 60 respondents. Respondents are scattered over Shivamogga district, so interview is conducted only for the selected respondents of the study area.
4. **Sources of Data:** For the purpose of data collected in two ways:

Primary data: The primary data has been collected from the beneficiaries residing in the surrounding of rural Shimogga through structured questionnaire based on rational contrast criteria. The questionnaire targeted and achieved in obtaining the response from 60 respondents.

Secondary data: Secondary data has been collected through Journals, Books, E-Sources, and Reports etc.

Analysis and Interpretation

The data collected through field study is presented in tables and interpreted as below:

Table No.1 Demographical Factors-Age and Sex

Particulars (in years)	No. of Respondents			Percentage (%)
	Male	Female	Total	
18 years – 35 years	12	06	18	30
36 years – 45 years	18	10	28	47
46 years – 65 years	08	06	14	23
Above – 65 years	00	00	00	00
Total	38	22	60	100

Source: Field Survey

Table No.1 depicts the age and sex of the respondents. About 63.33% of the respondents are males and remaining are females. And 30% of the respondents are come under the age group of up to 35 years; about 47% of the respondents are falls under 36 - 45 years. Finally about 23% of the respondents are come under 46 - 65 years, and none of the respondents are aged above 65 years.

Above table analysis shows that most of the respondents are males because, the dominant proportion of males in the respondent’s group reflect they performed major role in development of entrepreneurship. It indicates that most of the respondents come under the age group of 36 – 45 years.

Table No. 2 Demographical Factors- Educational Qualification

Particulars	No. of Respondents			Percentage (%)
	Male	Female	Total	
SSLC or Below	13	07	20	33.33
PUC/Diploma/ITI	10	04	14	23.33
Graduation	08	07	15	25
Post Graduation	07	04	11	18.33
Any other	00	00	00	00
Total	38	22	60	100

Source: Field Survey

Table No.2 represents educational qualification of the respondents. Out of 60 respondents following qualification is identified. About 33.33% of respondents are having the qualification of SSLC or below, about 23.33% of the respondents’ completed PUC/Diploma/ITI, about 25% of the respondents completed their basic Degree. Finally,

about 18.33% of the respondents completed Post-Graduation and other qualification holder is nil.

Above analysis shows that most of the respondents’ completed their basic education and start their business venture in rural area with the assistance of financial institutions.

Table No 3 Purpose of financial assistance

Particulars	No. of Respondents	Percentage (%)
To start Small Manufacturing Unit	14	23.33
For Artisan work	06	10
To start/for Retailing	12	20
To start/for Fruits/Vegetable shop	22	36.66
Any other	06	10
Total	60	100

Source: Field Survey

Table No.3 depicts the purpose of financial assistance. Among 60 respondents about 23.33% of the respondents are borrowing loan for the purpose of start small manufacturing unit, about 10% of the respondents are taking for artisan work, and about 20% of the respondents are starting retail business. Eventually, about 36.66% of the respondents are taking initiative to start the fruits and vegetable shop and remaining respondents are taking other business activities. Above analysis indicates that most of the respondents are borrowed loan under the MUNDRA Yojana scheme for starting retail business in their own region.

Table No.4 Types of MUDRA Yojana schemes

Particulars	No. of Respondents	Percentage (%)
Shishu	22	36.66
Kishore	34	56.66
Tarun	04	6.66
Total	60	100

Source: Field Survey

Table No.4 represents types of MUDRA Yojana schemes. Out of 60 respondents about 36.36% of the respondents borrowed loan under Shishu yojana scheme, about 56.66% of the respondents borrowed loan under Kishore scheme, and finally, about 6.66% of the respondents borrowed loan under Tarun scheme.

Above analysis of the table understand most of the respondents borrowed loan under Kishore MUDRA yojana scheme because of availability of loan amount from Rs 50,001 to 5, 00,000. It helps to start the business in rural markets and also completed formal regulations of the business.

Table No.5 Principal factors influence on choosing of MUDRA loan

Particulars	No. of Respondents	Percentage (%)
Non availability of fund in other schemes	08	13.33
It is suitability to my business	36	60
Less documentation	06	10
Lenient granting procedure without delay	10	16.66
Total	60	100

Source: Field Survey

Table No.5 shows that Principal factors influence on choosing of MUDRA loan. Among 60 respondents, about 13.33% of the respondents opined that non availability of fund in other

schemes, about 60% of the respondents mentioned MUDRA loan schemes are suitable for small and retail businesses, about 10% of the respondents opined that minimum number of documents required for getting loan amount under MUDRA yojana, and remaining about 16.66% of the respondents expressed their opinion about lenient grating procedure without delay.

Above analysis shows that most of the respondents are borrowed loan under MUDRA yojana is suitable for retail and vegetable businesses and also easy to getting loans under this scheme.

Table No.6 Repayment of loan installments

Particulars	No. of Respondents	Percentage (%)
Monthly	46	76.66
Quarterly	06	10
Semi annually	06	10
Annually	02	3.33
Total	60	100

Source: Field Survey

Table No.6 denotes repayment of loan installments of MUDRA loan. Out of 60 respondents, about 76.66% of the respondents agreed with monthly installment of repayment, about 10% of the respondents agreed with quarterly installment of repayment and again 10% of the respondents agreed with semi annually installment and only 3.33% of the respondents agreed with annually installment of repayment. Above analysis shows that majority of the respondents are agreed with monthly installment of repayment is better.

Table No.7 Opinion about Interest rate of different MUDRA loan schemes

Particulars	No. of Respondents	Percentage (%)
High	04	6.66
Reasonable	46	76.66
Low	10	16.66
Total	60	100

Source: Field Survey

Table No.7 represents opinion about interest rate of different MUDRA loan schemes. Among 60 respondents, about 6.66% of the respondents opined that high rate of interest charged by the banks under different schemes of MUDRA loans; about 76.66% of the respondents opined that reasonable and affordable rate of interest charged by the banks, and finally about 16.66% of the respondents opined that low rate of interest charged by the banks.

Above analysis shows that majority of the respondents are paid interest at reasonable and affordable cost.

Findings of the study

The following findings are drawn based on the study:

- Most of the respondents are males because, the dominant proportion of males in the respondent's group reflect they performed major role in development of entrepreneurship. It indicates that most of the respondents come under the age group of 36 – 45 years.
- Most of the respondents are completed their basic education and start business venture in rural area with the assistance of financial institutions.

- Most of the respondents borrowed loan under Kishore MUDRA yojana scheme because of availability of loan amount from Rs 50,001 to 5, 00,000. It helps to start the business in rural markets and also completed formal regulations of the business.
- Most of the respondents are borrowed loan under MUDRA yojana is suitable for retail and vegetable businesses and also easy to getting loans under this scheme.
- Majority of the respondents are agreed with monthly installment of repayment is better.
- Majority of the respondents are paid interest at reasonable and affordable cost.

Suggestions of the Study

Following suggestions are drawn based on opinion of respondents and secondary data which are summarized as below:

- Demonetization has robbed the informal sector of non-formal credit; the formal credit assured to them through the Micro Units Development and Refinance Agency (MUDRA) formula has not been fulfilled as yet. MUDRA was premised on the assumption that banks cannot reach and need last-mile private credit intermediaries, which the RBI opposes. Therefore, the government must convince the RBI on the need for MUDRA as conceived.
- The nature, scope and cost of services will be monitored to assess whether there is any denial, implicit or explicit, of basic banking services to the common person.
- Banks are urged to review their existing practices to align them with the objective of financial inclusion.
- MUDRA views its role as bringing together banks and potential micro enterprise customers by catalyzing through literacy on the demand side and enabling through advocacy and technology on the supply side.
- Banks should be increasing their MUDRA Overdraft facility against Pradhan Mantri Jan Dhan Yojana account.
- As long as the loans taken by the individual are within reasonable limits, the other members of the group are able to fulfill their joint liability guarantee. But when increase in loan quantum per borrower, which will help the family business operations.

CONCLUSION

India has emerged as one of the fastest growing economies in the world projected to clock one of the highest growth rates in the world during financial year 2016–17. A prudent fiscal policy, range bound inflation figures and an accommodating monetary policy in tandem with on-ground developments such as soft global commodity prices, growing private consumption, and a new thrust to stalled projects are key factors contributing to the realization of this scenario. The millions of MSMEs in the country are India's mainstay in providing employment outside agriculture. The pyramidal distribution of MSMEs by number of enterprises with the large ones towards the top also consists of micro units engaged in manufacturing, processing, trading and services making up its broad base. Rural areas account for half of all MSMEs in the country. At least 80 per

cent MSMEs are micro enterprises. As one of the largest disaggregated business ecosystems in the world, these micro enterprises engage nearly 10 crore people in the country, offering livelihood to five times that number. Micro enterprises comprise of myriad low scale activities such as clay pot making, basket weaving, *jhadoo* making, fruits and vegetable vendors, transport (three wheeler tempos and autos), food-service units, repair shops, machine operators, welders, cottage industries, small industries, handlooms, handicraft workers, food processors, retailers, beauticians and street vendors, etc. These are collectively referred to as the non-corporate small business sector (NCSBS).

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