

# PMMY through Public and Private Commercial Banks in Golaghat District, Assam, India: A Comparative Analysis

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## Abstract

Microfinance plays a key role in starting new businesses or small businesses. The basic motive of PMMY is to extend the facility of institutional finance to small business entities involved in various trading, manufacturing and service activities. The present paper is an attempt to make a comparative study the role of Public and Private Banks in PMMY in Golaghat district of Assam. The study is based on secondary data. The Study reveals that in Golaghat district, Assam, all types of banks are involved in providing PM MUDRA loans however there is no uniformity in number of accounts and loan disbursement by the different banks. The Private Banks are playing a major role in implementation of PMMY. The RRBs thought government banks needs to accelerate their role in the execution of the scheme.

**Keywords:** PMMY, Public Banks, Private Banks, Loan

## Introduction

Saving and investment are important aspects in the development of any economy and are much needed for the capital formation of the economy which is an important aspect in developing countries like India. For generating income creation of employment opportunities and self-employment is very important. For this, microfinance plays a key role in starting new businesses or small businesses. In a developing country with a sizeable population base like India, MSMEs business unit plays an indispensable role by providing employment to a large number of people. The contribution of Micro, Small, and Medium Enterprise (MSME) in India's GDP is around 29% and the target of the government is to increase it to 50% by 2025. MSMEs face a lot of issues in acquiring finance i.e., lack of collateral securities and consultancy support, financial illiteracy, lack of information, high borrowing cost, etc. (Khatri). To remove these hurdles, the Government of India has introduced the Pradhan Mantri Micro Unit Development and Refinance Agency (PMMUDRA) scheme for funding the unfunded sections of the society.

MUDRA (Micro Units Development and Refinance Agency Limited) Bank was formed in April 2015 by the Government of India's Union Budget. It aims to provide integrated financial support to the micro enterprises sector which includes small manufacturing units, food service units and small industries to name a few. The basic motive of establishing MUDRA is to extend the facility of institutional finance to small business entities involved in various trading, manufacturing and service activities. Along with MUDRA, the PMMY (Pradhan Mantri MUDRA Yojana) was also launched. Under the PMMY scheme, everyone from the non-farm income generating sector can seek loans up to Rs. 10 lakhs.

## Literature Review

(Rizvi and Abbasi) studied critically examined the implications of these recommendations on the prioritization and disbursement of credit to the agriculture sector, particularly focusing on the inclusion of marginalized agricultural communities. By analyzing the effectiveness of these policy measures in promoting equitable access to credit and enhancing agricultural productivity, this research aims to inform ongoing efforts to strengthen India's financial policies for rural development and poverty alleviation.

(Panda et al.) studied the PSL in the State of Andhra Pradesh, India and revealed a positive trend in PSL in Andhra Pradesh from 2018-19 to 2020-21, demonstrating the commitment to supporting priority sectors.

(Devi) made a performance analysis and SWOT analysis of the PMMY scheme and concluded that scheme has the potential to further strengthen the MSME sector and create more employment opportunities in the country.

(Ramanjaneyalu and Srinivas) studied Mudra Yojana is studied and reviewed to understand its contribution towards the attainment of Athmanirbhar through women entrepreneurship in micro and small business enterprises.

(Pandey and Tripathi) highlighted that the Banks NPAs of the Mudra Yojana of the total Banks NPA is approximately 3-4% and under the MUDRA category the Shishu loan showing higher NPA. Because of low business knowledge and skills at initial stage of business.

(Garg) examined the performance of MUDRA scheme in India from its inception year. The results showed that there is a decrease in loan disbursement under the Shishu category of the scheme which is a matter of high worry. The banks need to increase their reach to the poorest sections.

(Kumari and Sinha) studied the performance of the Scheme in India and made a comparative performance of the Mudra Yojana in Jharkhand with other top ten states like Tamil Nadu, Karnataka, Odisha, Uttarakhand for three financial years from 2015-16, 2018-19, and 2021-22. The analysis concluded that people are getting encouraged to develop entrepreneurship by taking initiative to start

their work. It revealed that the performance of the MUDRA yojana is successful under Shishu, Kishor, and Tarun Categories.

(Mahajan) studied and reviewed PMMY in the state of Maharashtra. It was found that MUDRA scheme has been fairly successful in the state of Maharashtra, but more need to be done for financial inclusion of all categories of people.

(Ibrahim) analyzed the performance of Micro Unit Development and Refinance Agency (MUDRA) Yojana, an initiative of Government of India to escalate the micro enterprises. 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 majority of the accounts opened were in the 'Shishu' scheme, only meagre portion of accounts were opened in 'Tarun Scheme'. 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. The northern region of the country shows comparatively lesser participation in both creations of accounts as well as sourcing of credit.

## Objective of the Study

- To study loan disbursement PMMY by Public and Private sectors banks in Golaghat District, Assam, India
- To study loan disbursement under PMMY in different schemes by Public and Private sectors banks in Golaghat District, Assam, India
- To provide suggestive conclusions based on interpretations drawn from the findings and analysis of the study.

## Methodology

- For objective 3(i) and 3(ii), reports from SLBC has been analyzed by using SGR and CGR at the district and block level of Golaghat District, Assam and the SGR formula has been used -  
$$SGR = (Y_1 - Y_0) / Y_0 \times 100$$

Where,

SGR = Simple Growth Rate

$Y_1$  = Value of variable in the current year

$Y_0$  = Value of variable in the previous year

- Conclusions and Suggestions are based on the theoretical and analytical interpretations drawn from the study.

### Analysis and Interpretation

**Table 1 No. of PMMY Accounts and Amounts disbursed in Golaghat District Assam (2020-23)**

Type of Banks	Year	No. of A/Cs	Amount Rs (in Lakhs)	Average Loan Amount (2020-23) (Rs.)
Public	2020-21	3264	7296.35	203783
	2021-22	4460	7630.62	
	2022-23	7666	16435.23	
	<b>Total</b>	<b>15390</b>	<b>31362.2</b>	

Private	2020-21	18725	11349.15	69601
	2021-22	6010	3899.86	
	2022-23	37348	27961.61	
	<b>Total</b>	<b>62083</b>	<b>43210.62</b>	
Small FB	2020-21	3425	1335.46	39651
	2021-22	175	83.41	
	2022-23	8	11.75	
	<b>Total</b>	<b>3608</b>	<b>1430.62</b>	
RRB	2020-21	423	628.77	197116
	2021-22	254	351.81	
	2022-23	2421	3695.46	
	<b>Total</b>	<b>3098</b>	<b>4676.04</b>	
ACCB	2022-23	157	77	49045

Source: Self-compiled from secondary data,  
<https://onlineslbene.nic.in/>

**Table 2 PMMY Disbursements in Different Type of PMMY Accounts in Golaghat District, Assam**

Type of Banks	Year	No. of A/Cs & Amt. (Rs. in Lakhs )	Type of Accounts			Amount ( in lakhs)	
			Shisu	Kishore	Tarun	No. of A/Cs	Amount (in lakhs)
Public	2020-21	No. of A/Cs	937	1727	600	3264	
		Amt. (in Rs. Lakhs)	284.73	3186	3825.62		7296.35
	2021-22	No. of A/Cs	1694	2131	635	4460	
		Amt. (in Rs. Lakhs)	438.18	3254.27	3938.17		7630.62
	2022-23	No. of A/Cs	3044	2866	1756	7666	
		Amt. (in Rs. Lakhs)	424.86	4534.78	11475.59		16435.23
Private	2020-21	No. of A/Cs	11849	6772	104	18725	
		Amt. (in Rs. Lakhs)	3721.42	7138.31	489.42		11349.15
	2021-22	No. of A/Cs	2855	3130	25	6010	
		Amt. (in Rs. Lakhs)	1030.92	2719.5	149.44		3899.86
	2022-23	No. of A/Cs	18399	18777	172	37348	
		Amt. (in Rs. Lakhs)	6449.14	20345.76	1166.71		27961.61
Small FB	2020-21	No. of A/Cs	3071	354	NIL	3425	
		Amt. (in Rs. Lakhs)	1074.7	260.76	NIL		1335.46
	2021-22	No. of A/Cs	140	35	NIL	175	
		Amt. (in Rs. Lakhs)	49.7	33.71	NIL		83.41
	2022-23	No. of A/Cs	NIL	8	NIL	8	
		Amt. (in Rs. Lakhs)	NIL	11.78	NIL		11.78
RRB	2020-21	No. of A/Cs	196	208	19	423	
		Amt. (in Rs. Lakhs)	78.85	415	134.87		628.77
	2021-22	No. of A/Cs	101	144	9	254	
		Amt. (in Rs. Lakhs)	28.47	249.88	73.46		351.81
	2022-23	No. of A/Cs	274	2110	37	2421	
		Amt. (in Rs. Lakhs)	84.02	3349.05	262.39		3695.46

ACCB	2022-23	No. of A/Cs	157	NIL	NIL	157	
		Amt. (in Rs. Lakhs)	77	NIL	NIL		77

**Source:** Self-compiled from secondary data, <https://onlinesbcne.nic.in/>

### Limitations of the Study

The study is based on secondary information for the years 2020-21 to 2022-23 i.e for 3 years and for Golaghat District only. The study has not included banker's service in PSL from customers' point of view. Some sectors in PSL such as Housing, Agriculture, Education and Renewable energy has been not covered in the study.

### Findings

- Number of Accounts has increase 55.66% in public sector banks, 73.73% in private banks, 6.64% in Small FBs and 89.97% in RRBs from 2020-23 in Golaghat district.
- Average loan under PMMY was highest in PSBs followed by RRBs, Private Banks and Small Financial Banks in Golaghat district.
- The Co-operative banks are not active in PMMY as study found that only in 2022-23 loans were disbursed through 157 accounts only in Golaghat district.
- In 'Sishu' Category Private Sector Banks opened highest number of Accounts during 2020- 2023 (33,103 accounts), In 'Kishore' category also highest number of Accounts were opened by Private sector banks (28,675 accounts) and In 'Tarun' Category the Public sector banks opened the highest number of accounts (2991 accounts) during 2020-2023.
- It has been observed from the Table 2 that the Small FBs and Assam Co-operative Apex Bank are not involved in opening accounts in all categories of PMMY scheme.
- The RRBs are active in providing PMMY loans however RRBs are not at par with the Public Sector and Private Sector banks despite they have many branches in rural areas.

### Recommendations

- The RRBs, Small FBs should increase the involvement in PMMY scheme.
- ACCBs need a turnaround policy for all of its banking operations.

- All banks should open more loan accounts under 'Tarun category' as under this category highest amount of loan i.e Rs.10 lakh is provided which can be good capital for a start up business.

### Conclusion

MUDRA scheme brings new ray of hope for both existing and aspiring micro enterprises. MUDRA is a step towards bringing regional balance in the field of entrepreneurship. Banks play the intermediate role in providing the MUDRA loan and thus are the major link between the loan seeker and the government. The success of the scheme is highly depended on the role of bankers move towards the scheme seeker.

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