

Empowering Dalits, Women, and the Backward Classes: An Analysis of Mudra Yojana's Social and Economic Impact

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ABSTRACT:

Both individuals and society have a significant stake in the development of any economy. The individual contributes to the family, the family to the society, and the society to the country. As long as every person does not contribute to the development of the country, that country cannot utilize all its human resources, and it will be unable to extend the benefits of development to those standing in the last line. To address this issue, the Government of India started the Mudra Yojana, which supports non-industrial sectors and individuals with innovative ideas who lack capital to bring their ideas to fruition. India's future dreams of achieving inclusive development cannot be realized if these talents are unable to contribute due to a lack of funding. Mudra Yojana has been introduced to fulfill this objective and is making a significant contribution to the country's development.

Key words: *Dalits, Economic backward, Mudra Yojana, Poverty, Social, Women etc.*

INTRODUCTION:

India's image on the global stage has continued to grow, but the country still faces a number of internal challenges, including poverty, unemployment, income inequality, corruption, and a decrease in the standard of living. To address these issues, Prime Minister Narendra Modi launched the Pradhan Mantri Mudra Yojana (PMMY) on April 8, 2015, as part of a broader strategy to build India's future and combat these challenges. Despite India's abundant resources, poverty persists due to the inadequate exploitation of these resources, as well as the prevalence of unproductive traditions and excessive spending on non-essential activities. The PMMY seeks to address these issues by providing loans up to Rs. 10 lakh to micro, small, and medium enterprises (MSMEs) through the Ministry of Micro, Small, and Medium Enterprises. Since its launch, the PMMY has been successful in promoting entrepreneurship and boosting the growth of MSMEs. As of March 2021, over 28 crore loans have been disbursed under the scheme, with a total amount of over Rs. 16.32 lakh crore. The scheme has been particularly effective in supporting women entrepreneurs, with over 1.6 crore loans disbursed to women, accounting for nearly 58% of the total number of loans under the scheme.

However, the COVID-19 pandemic has posed a significant challenge to the PMMY and the MSME sector as a whole. The lockdowns and disruptions to supply chains have led to a decline in business activity and revenue, causing many MSMEs to struggle to repay their loans. The government has

responded by announcing various relief measures, such as loan moratoriums, credit guarantees, and debt restructuring schemes, to help MSMEs weather the crisis. In addition to the pandemic, the PMMY and the MSME sector continue to face other challenges, such as limited access to credit, inadequate infrastructure, and bureaucratic hurdles. Addressing these issues and promoting the growth of MSMEs will be critical to achieving India's vision of becoming a world leader and lifting its citizens out of poverty.

Objectives of Mudra Yojana:

- To expand the old industry and to start a new enterprise, the loan facility is provided by the government at a low interest rate.
- To raise the social and economic standard of living of the people.
- To promote employment.
- To expand small and cottage industries.
- To provide financial assistance to small units at low cost.
- Promotion of institutional finance.
- Promotion of employment.
- Promotion of entrepreneurship.
- Mudra Bank will provide easy loans to micro, small and medium industries at affordable rates.

The main benefits of the Mudra Yojana are as follows:

1. The scheme allows people to easily expand their existing industries or establish new ones.
2. Borrowers do not need to mortgage their property to obtain a loan from the Mudra Yojana, making it accessible to those without significant assets. Loans are available to people at all levels with favorable terms.
3. The Mudra Yojana promotes inclusive development by supporting startups and encouraging entrepreneurship.
4. The scheme helps to address economic issues such as poverty, unemployment, and income inequality.
5. The Mudra Yojana reduces social disparities and helps young people become self-reliant.
6. Increased production and economic prosperity result from the Mudra Yojana, leading to an overall increase in national income.
7. The scheme also leads to an improvement in people's living standards.
8. By promoting self-reliance and reducing theft, dishonesty, and corruption, the Mudra Yojana leads to social progress.

Classification of Mudra Scheme:

Table 1:

Loan Scheme	Loan Amount
Shishu Loan	Up to ₹50,000

Kishore Loan	₹50,000 to ₹5 lakh
Tarun Loan	₹ 5 lakh to ₹ 10 lakh

Note: The loan schemes mentioned above are part of the Pradhan Mantri Mudra Yojana and offer loans to micro, small and medium enterprises.

Eligibility of Mudra Yojana:

1. Must be a citizen of India to avail the loan.
2. Any other business except agriculture can be done through Mudra loan scheme.
3. All industries of Micro Small and Medium Enterprises are eligible for Mudra Yojana.
4. The borrower must have a business plan or project report outlining the details of their business, proposed investment, and expected returns.
5. The borrower must have a good credit history and a track record of successful business operations, if applicable.
6. The borrower must have a valid identity proof, such as a PAN card, Aadhaar card, or passport.
7. The borrower must have a valid bank account in their name, as the loan amount will be disbursed directly to the bank account.
8. The borrower must meet the age criteria set by the lending institution, which may vary depending on the nature of the business and loan amount. Generally, individuals between the ages of 18 to 65 years are eligible to apply for Mudra loans.

ECONOMIC EFFECTS OF MUDRA YOJANA:

As of 2023, the Pradhan Mantri Mudra Yojana (PMMY) continues to be one of the government's flagship schemes aimed at providing financial assistance to small and micro-enterprises. The scheme has been instrumental in creating job opportunities and promoting entrepreneurship in the country. According to the latest data, as of March 2022, over 28 crore loans worth more than Rs. 17 lakh crore have been disbursed since the launch of the scheme in 2015.

Mudra Yojana loans have been disbursed to a wide range of business activities, including manufacturing, trading, and services. The scheme has been successful in supporting businesses across various sectors such as agriculture, retail, textiles, and food processing. The government has also focused on promoting women entrepreneurs and has set a target of providing 70% of the loans to women under the scheme. The scheme has also witnessed some changes in the recent years to enhance its impact. In 2021, the government announced the inclusion of startups under the scheme. Under the revised guidelines, startups can avail of Mudra loans up to Rs. 10 lakh without collateral. Additionally, the government has also set up a digital portal to ensure smooth and hassle-free loan disbursement. The Mudra Yojana has played a crucial role in the revival of the economy during the COVID-19 pandemic. In 2020-21, the government disbursed a total of 6.37 crore loans worth Rs. 3.07 lakh crore to support

small businesses affected by the pandemic. Despite its success, the scheme has also faced some challenges, such as the high rate of non-performing assets (NPAs) and inadequate financial literacy among borrowers. The government has taken steps to address these issues, such as setting up a Credit Guarantee Fund for Micro Units and providing financial education to borrowers. Overall, the Pradhan Mantri Mudra Yojana has been a significant step towards promoting financial inclusion and entrepreneurship in the country. The scheme has helped create millions of jobs and provided much-needed support to small businesses, especially during the challenging times of the pandemic.

1. Payment banks (19 August 2015)
2. Microfinance Banks (16 September 2015)
3. Prime Minister Jeevan Jyoti Yojana (9 May 2015)
4. Prime Minister's Security Scheme (9 May 2015)
5. Atal Pension Yojana (9 May 2015)
6. Pradhan Mantri Fasal Bima Yojana (18 February 2016)
7. Pradhan Mantri Mudra Yojana (8 April 2016)
8. Unified Payment Interface (UPI) (11 April 2016)
9. Pradhan Mantri Suraksha Bima Yojana (9 May 2016)
10. BHIM App (30 December 2016)
11. Pradhan Mantri Vaya Vandana Yojana (4 May 2017)
12. Jan Dhan Darshak app for locating banking touch points (30 January 2018)
13. Pradhan Mantri Jan Arogya Yojana (25 September 2018)
14. National Common Mobility Card (NCMC) (4 December 2018)
15. One Nation One Card (4 March 2019)
16. India Post Payment Bank (IPPB) (1 September 2019)
17. Pradhan Mantri Garib Kalyan Yojana (26 March 2020)
18. AatmaNirbhar Bharat Abhiyan (12 May 2020)
19. Digital Lending Platforms (1 January 2021)
20. Kisan Credit Cards for Animal Husbandry and Fisheries (9 February 2021)
21. EASE Reforms for Public Sector Banks (11 March 2021)
22. Indian Gold Coin and Bullion Scheme (1 April 2022)
23. Pradhan Mantri Awas Yojana (Urban) (31 May 2022)
24. NABARD - E-Shakti platform for SHGs (20 July 2022)
25. Proposed introduction of a Digital Rupee (not yet implemented as of May 2023)

The Mudra Yojana remains a key driver of economic development in India, as part of a range of schemes aimed at promoting financial literacy. Additionally, the New National Education Policy, implemented from 2022, is expected to further improve financial literacy across the country. India has a rich history as the "golden bird" and since the economic liberalization of the late 1990s, the country has seen a significant increase in its GDP growth rate which are as follows:

Table 2:

Year	Increase (Actual Percentage)
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2021	9.2
2020	7.7
2019	4.50
2018	8.20
2017	6.76
2016	8.00
2015	7.30

It is clear from the above table that the economy of India has improved thus the achievement of India is good. Looking at all levels, it is clear that Mudra Yojana has had a positive impact on the economy. India's opinion on Doing Business 2016 has gone up from 130 in Doing Business 2016 to 63 in Doing Business 2020.

After observing the above facts, it is clear that the currency scheme has had a positive impact on the Indian economy directly and indirectly.

SOCIAL IMPACT OF MUDRA YOJANA:

The Mudra Yojana has had a significant impact on the social and economic development of India. It has played a crucial role in empowering the underprivileged sections of society, including Dalits, backward classes, and women, by providing them with access to credit at easy terms. This has allowed them to start or expand their businesses, which has led to a rise in employment opportunities and an improvement in their standard of living. However, it is worth noting that agriculture, which accounts for 65 percent of India's population, has been neglected by the Mudra scheme. To make the scheme more effective, the government should consider including agriculture in the program. This would lead to greater economic and social development, and also help to reduce the rate of interest on loans. It would be beneficial if the government reduced the interest rates of all the institutions giving Mudra loans and made them uniform, which would make it easier for people to understand and prevent any confusion. Another factor that could make the Mudra Yojana more effective is by providing subsidies to the borrowers. This would ensure that people who are starting or expanding their enterprises do not face any danger or financial burden. Moreover, subsidies would encourage more people to take advantage of the scheme and lead to more inclusive growth.

In the current scenario, the government is taking steps to improve the Mudra Yojana's effectiveness. The scheme is being promoted through various awareness campaigns and outreach programs. The government is also working on increasing the number of banks and financial institutions that offer Mudra loans. Furthermore, the government is now focusing on improving financial literacy through the New National Education Policy, which will help people make informed decisions while taking loans.

CONCLUSION:

In conclusion, the Mudra Yojana has the potential to play a significant role in driving economic and social development in India. However, to make the scheme more effective, the government needs to address the concerns of the agriculture sector, reduce interest rates, provide subsidies, and promote financial literacy among the people. By doing so, the Mudra Yojana can become a powerful tool for inclusive growth and development in India. As highlighted by the above-mentioned points, it is evident that the Mudra Yojana, launched on 8th April 2015, is proving to be a major contributor to the economic and social development of India. This scheme is providing easy loans to people belonging to Dalits, backward and women communities, which is strengthening their position in the society. Moreover, it is enabling people to expand their businesses, raise their standard of living, and even start new ventures. The increasing number of e-rickshaws on Indian roads is a testament to the success of the Mudra Yojana.

However, it is important to note that about 65% of India's population is dependent on agriculture, which has been left out of the purview of the scheme. By including agriculture in the Mudra Yojana, the government can further boost economic and social development, reduce interest rates, and simplify the loan process by keeping the interest rates uniform across all institutions. Additionally, subsidies can be introduced to support people in expanding and starting their enterprises.

Overall, the Mudra Yojana has the potential to drive inclusive development in India, starting from the grassroots level. It is therefore imperative that the government provides full support to this scheme to help uplift the economy and society as a whole.

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