KPMG

Impact Assessment of Pradhan Mantri Mudra Yojana (PMMY)

November 2023

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Disclaimer:

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Glossary

PMMY	Pradhan Mantri Mudra Yojana
MUDRA	Micro Units Development and Refinance Agency Ltd
NBFC	Non-Banking Financial Company
MFI	Micro Finance Institutions
PMJDY	Pradhan Mantri Jan Dhan Yojana
MSE	Micro Small Enterprises
MSME	Micro Small Medium Enterprises
FY	Financial Year
SIDBI	Small Industries Development Bank of India
GVO	Gross Value of Output
GDP	Gross Domestic Product
GVA	Gross Value Added
MLI	Member Lending Institution
RBI	Reserve Bank of India
MSMED Act	Micro Small and Medium Enterprises Development Act, 2006
ANBA	Atma-Nirbhar Bharat Abhiyan
ECLGS	Emergency Credit Line Guarantee Scheme
CGS	Credit Guarantee Scheme
CGSSD	Credit Guarantee Scheme for Subordinate Debt
GSTN	Goods and Service Tax Network
CGFMU	Credit Guarantee Fund for Micro Units
NCGTC	National Credit Guarantee Trustee Company Ltd.
CGTMSE	Credit Guarantee Fund Scheme for Micro and Small Enterprises
SHGs	Self Help Groups
SMA	Special Mention Accounts
NPA	Non-Performing Assets
UAN	Udyog Aadhar Number
SCB	Scheduled Commercial Bank
BSR	Basic Statistical Return
SC	Scheduled Caste
ST	Scheduled Tribe
OBC	Other Backward Class
CAGR	Compound Annual Growth Rate
KYC	Know Your Customer
ITR	Income Tax Return
DFS	Department of Financial Services
SFBs	Small Finance Banks
JLG	Joint Liability Group
OTP	One Time Password
MCS	Micro Credit Scheme
RRBs	Regional Rural Banks

MCLR	Marginal Cost of Funds based Lending Rate
XML	Extensible Markup Language
GST	Goods and Service Tax
PAN	Permanent Account Number
CIBIL	Credit Information Bureau (India) Limited
FOIR	Fixed Obligation to Income Ratio
BCs	Banking Correspondents
SBR	Standard Basic Rate
FOGAPE	The Fondo de Garantia para Pequenas Empresas (Small Enterprise Guarantee Fund)
FI	Financial Institution

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Executive Summary

1 The Micro, Small and Medium Enterprises (MSMEs) sector plays a defining role for the entrepreneurs and is a key driver of socio- economic development in India. The sector contributes about 33 per cent (FY 2015 to FY 2019) of the country's total manufacturing Gross Value of Output (GVO). It accounts for more than 40 per cent of exports and contributes over 28 per cent of Gross Value Added (GVA) in all India GDP while creating employment for about 11.10 crore people.[1]

2 Owing to the large contribution, the government has been focusing on facilitating the development by strengthening of the regulatory framework, with initiatives and schemes to support the credit and infrastructural needs of the MSME sector. In addition, there has also been focus on enabling skill development, technology upgradation, market development for the sector. One of the key government initiatives for enabling access to credit for MSMEs is the Pradhan Mantri MUDRA Yojana (PMMY).

3 Since its inception, the scheme has provided credit support of INR 18.39 lakh crores to 34.93 crore accounts[2]. PMMY in tandem with other scheme and initiatives is contributing to meet the credit needs of the sector. However, to understand the overall impact created and current gaps a detailed study on impact of the scheme is crucial. NITI Aayog is conducting a research study on impact assessment of PMMY and has engaged KPMG Advisory Services Private Limited for undertaking the study

4 With the above context, the impact assessment study is conducted for the scheme to analyse the performance and contribution of the scheme towards the MSME and particularly the Micro Enterprises. The study comprises of in-depth primary and secondary research. The analysis and insights from the study for the sector is compiled in the report

5 The report aims to provide an overview of the performance of the sector, covering credit demand-supply gap, sources of finance, credit availability and accessibility issues based on study of selected academic papers, sectoral reports, policy documents, and scheme documents. The report also presents national and international good practices for addressing the credit availability issues in the MSME sector.

6 Further, the report covers the scheme performance, challenges, and improvement areas in the form of recommendations across four parameters namely, Scheme Design, Implementation, Institutional Mechanism, and Monitoring & Evaluation basis the primary and secondary research.

Sector Overview

7 Several policy level interventions have been undertaken to strengthen the MSME sector by the Government of India. Government has even launched multiple schemes to improve access to credit for MSMEs over the years such as PM Jan Dhan Yojana, Standup India, Credit

[1] Annual Report 2020- 21, Ministry of MSME, Government of India; MUDRA Ltd
[2] MUDRA Ltd

Guarantee Scheme for Subordinate debt etc. In addition, the government also provides support to the lending institutions by way of Guarantee Covers such CGFMU and CGTMSE

8 To address credit gap and the challenges faced by the MSMEs, the RBI Expert committee on MSMEs (2019), suggested legislative focus on market facilitation enabling ease of doing business by MSMEs, with SIDBI playing facilitative role for bringing in private equity financing into the sector, introducing the credit guarantee schemes under RBI's purview.[3]

9 To support the sector during Covid-19 pandemic, Government also extended measures under Atma-Nirbhar Bharat Abhiyan Package to ensure continued business and small enterprises survival and growth

10 Despite access to formal financial institutions, the below mentioned challenges still remain prevalent in the sector which needs review and monitoring going forward

- long loan application processing time,
- high processing fee,
- high rates of interest,
- lack of a credit history
- existing debt burden
- difficulty in providing guarantee or inadequacy of collateral,
- lack of awareness and knowledge about financial schemes

Primary Survey

11 Primary Survey in the form of qualitative survey has been conducted across different MLI types (SCBs, SFBs, NBFCs and MFIs), Department of Financial Services (DFS) and Micro Units Development & Refinance Agency Limited (MUDRA).

The sample size and discussions completed across Member Lending Institutions are mentioned below:

MLIs	Completed
Public Sector Banks	7
Private Sector Banks	7
NBFCs	1
NBFCs -MFIs	3
Small Finance Banks	1
TOTAL	**19**

[3] Reserve Bank of India (2019), Report of the Expert Committee on Micro, Small and Medium Enterprises

Scheme Evaluation

Pradhan Mantri Mudra Yojana

12 Government of India launched the Pradhan Mantri Mudra Yojana in 2015. The scheme seeks to fill the credit gaps in small, micro and tiny enterprises to spur economic activity.[4] The scheme enables loans to income generating micro enterprises that are engaged in manufacturing, trading and other professional services for up to INR 10 lakh.[5] In consonance with the funding needs of the borrowers, the MUDRA loans can be sought at Scheduled Commercial banks (Public Sector and Private Sector Banks), Non-Banking Financial Company (NBFC), Microfinance institutions (MFIs) and Small Finance Banks (SFBs).

13 Since the launch in 2015, the scheme has reached out to 34.93 crore Micro and Small Entrepreneur Accounts and provided credit support amounting to approximately INR 18.39 lakh crore.[5] In terms of the overall performance, the scheme target allocations exhibits a cumulative aggregate growth rate (CAGR) of around 16 per cent across the years with the sanctions increasing at 18 per cent CAGR. However, the amount sanction for the FY 2021 shows a reduction of 5 per cent from INR 3,37,496 crore to INR 3,21,759 crore, which may be attributed to reduced borrowing during the COVID-19 pandemic.

14 Key findings from analysis of scheme data are as below:

- As a share of the total portfolio of PMMY, the majority loan accounts (79.20 per cent) are in the Shishu category for FY 2021, followed by Kishore at 18.70 per cent and Tarun at 2.11 per cent
- Kishore has major share (41 per cent) with respect to the amount disbursed, followed by the Shishu and Tarun category at 35 per cent and 24 per cent respectively for FY 2021
- People belonging to SC, ST, OBC have more number of Shishu accounts (83.92 per cent, 83.53 per cent, 78.68 per cent respectively for FY 2022) and only a few among them belong to the Kishore and least to the Tarun category.
- The analysis as a share of total number of accounts and amount sanctioned for all the different social groups have remained almost constant over the years
- Women entrepreneurs have always had the major share of PMMY loans. For the FY 2022, they are holding around 71.4 per cent of the total number of accounts in their name.
- Number of accounts and amount sanctioned for women entrepreneurs in the Kishore category has increased by 48 and 30 percentage points respectively. Comparatively, the number of accounts for women entrepreneurs in the Shishu and Tarun category have fallen by 11 and 3 percentage points respectively.

[4] Annual Report 2015- 16, Ministry of MSME, Government of India

- The sanctioned amount for New entrepreneurs has increased from INR 61,650 Crore to INR 72,685 Crore and the number of accounts have decreased from 124.7 lakhs to 65.3 lakhs

- For the FY 2022, only 12 per cent of the total loan accounts belong to new entrepreneurs compared to 36 per cent at the time of launch of the scheme. The share of the amount sanctioned as a per cent of total sanctioned amount under MUDRA has also shown a decline of around 24 percentage point over the last 7 financial years.

- The top performing regions are South and East, followed by North and West, with North-east being at the bottom of the pyramid considering the absolute values of the total number of accounts and the amount sanctioned in different states of the country for the period ranging from FY 2016 to FY 2022

- Regionally, the number of accounts and the amount sanctioned under the Mudra scheme for the Northeast region is not only the lowest but is also decreasing year after year post FY 2018

- Among states, West Bengal has the highest amount sanctioned per MLI of INR 49 Cr and Tripura state has the highest amount sanctioned per MSME of INR 37.1 lakhs; among districts Murshidabad has the highest amount sanction per MLI of 106 Cr and Bijapur district has the highest amount sanctioned per MSME of INR 147.3 lakhs which is also an aspirational districts; while Visakhapatnam has the highest amount sanctioned per MLI of INR 44 Cr among aspirational districts

- Average loan size has gradually increased for almost all the banks over the years. However, this can also attribute to reduced number of loan accounts particularly for MFIs, NBFCs and SFBs whose number of accounts have observed a negative CAGR of 24.8 per cent, 33.2 per cent and 24.6 per cent respectively from 2018 to 2021, and hence not necessarily an indicator of only enhanced disposal of credit to the micro entrepreneurs.

- NPA accounts and the amount have been increasing year after year with a CAGR of 22.51 per cent and 36.61 per cent respectively from FY 2017 to FY 2022. Public sector banks have the highest NPA of 22.6 per cent and 16.9 per cent against the number of account and disbursement respectively, whereas NBFCs have the lowest NPA of 1.3 per cent and 0.5 per cent against the number of account and disbursement respectively.

- A deeper analysis also reveals that the number of NPA accounts for the Shishu category have always been more than that of the Kishore and Tarun category. Amount wise, the Kishore account holders, have been the highest contributor of NPA since FY 2018.

15 The issues and challenges identified from discussions with MLIs have been mentioned below:

a. Scheme Design

- Ceiling of 15% on pay out under CGFMU is not feasible and restricts benefits of the banks

- Guarantee fee charged *(the Standard Basic Rate (SBR) of 1 per cent p.a. of sanctioned amount on Micro Loans)* is not economical and reported to be high by many banks
- Mostly the Public Sector Banks avail the benefit under the Guarantee Cover whereas for the other MLI types, the signup for the cover is very low
- Complex (*XML format, errors made not easily rectifiable, takes a lot of time to upload*), and lengthy claim settlement process (*only after the second loss*) under CGFMU
- The refinancing rates under Mudra are considered high by a few banks and hence the refinancing obligation to avail benefits under Mudra is not economical for some banks
- Lack of collateral increases the security risk for MFIs and develops fear of NPA in banks

b. Implementation

- Challenge in catering to the large pool of customers due to limited number of employees and staff
- Need for awareness programs to build credit discipline among borrowers
- Customers' understanding of documents and process, and non-availability of documents are some of the key challenges
- Need for mass promotional campaigns as people do not approach the bank to avail mudra loans directly
- Borrowers lack knowledge of basic documentation. Most rejection of loan applicants happen at CIBIL check level and as a failure to submit the required documents
- Poor connectivity to remote areas

c. Institutional Mechanism

- Lack of centralized database for collecting information about customers and enablement of bank account formalization
- Poor credit penetration to weaker sections and deficient areas
- Need for a digitized platform for quick addressal of queries on issues pertaining to guarantee covers or other operational/ technical guidelines

d. Monitoring and Evaluation

- A proper mechanism for target setting is needed by DFS for all the MLIs under PMMY
- Need for a standardized process for monitoring performance of micro entrepreneurs as frequent migration of borrowers happens from one category to another
- Need for adequate control mechanism to supervise as the control mechanism and ownership lies with the bank officials for encouraging people to apply for loans

16 Key recommendations for the scheme have been described below:

- More outreach with customers and other stakeholders of the scheme for information dissemination and attracting more beneficiaries
- Mass promotions may be facilitated in television, newspapers, radio or by way of display of posters and banners in regional languages to attract customers in villages and rural areas
- Government can also support offline promotions with online modes of promotion through social media platforms, Facebook ads, google ads and other online websites and sources
- A Portal enabling real-time upload of beneficiary data will help streamline the beneficiary data collection
- Increasing digitization to make the scheme more efficient, hassle free for the potential beneficiaries
- Chatbots for query redressal may be launched to benefit MLIs and beneficiaries
- E-KYC authentication may be encouraged for loan underwriting to ensure proper assessment checks. Udyam registration may be utilized for this.
- A recognition mechanism is needed for different MLIs based on their scale of operation and performance

1. Overview of the Study

1.1 Context

The Micro, Small and Medium Enterprises (MSMEs) sector is a key driver of socio- economic development in India. The sector contributes about 33 per cent (2014-15 to 2018-19) of the country's total manufacturing Gross Value of Output (GVO), more than 40 per cent of exports, and over 28 per cent of Gross Value Added (GVA) in all India GDP while creating employment for about 11.10 crore people.[5]

Owing to the large contribution of the sector, Government has been focusing facilitating its development. Changes such as, strengthening the regulatory framework, providing support for meeting credit and infrastructural needs have been made. In addition, there has also been focus on enabling skill development, technology upgradation, market development for the sector. One of the key government initiatives for enabling access to credit for MSMEs is the Pradhan Mantri MUDRA Yojana (PMMY).

NITI Aayog is conducting a research study on impact assessment of PMMY and has engaged KPMG Advisory Services Private Limited for undertaking the study with the objective of:

- Assessing availability of credit to MSME sector
- Assessing performance of PMMY scheme
- Assessing contribution of PMMY in improving access to credit for MSMEs
- Understanding challenges faced by financial institutions in extending credit under the scheme
- Providing recommendations to improve the overall framework and delivery of scheme

1.2 Brief Overview of Performance of Pradhan Mantri Mudra Yojana, PMMY

Launched in 2015, PMMY seeks to fill the credit gaps in small, micro and tiny enterprises to spur economic activity.[6] The scheme enables loans to income generating micro enterprises that are engaged in manufacturing, trading and services up to INR 10 lakh.[5] In consonance with the funding needs of the loanee, the MUDRA loans can be sought at banks, Non-Banking Financial Company (NBFC) and Microfinance institutions (MFIs). Borrowers can also submit loan application through the universal enterprise loan portal[7] (https://www.udyamimitra.in/#).

The loans are provided across three categories. These categories, given below, are based on the business life cycle that the loanee enterprise might be currently is in.

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

[5] Annual Report 2020- 21, Ministry of MSME, Government of India
[6] Annual Report 2015- 16, Ministry of MSME, Government of India
[7] Annual Report 2017- 18, Ministry of MSME, Government of India

Additionally, MUDRA loan classification also applies to overdraft amount of INR 10,000 sanctioned under Pradhan Mantri Jan Dhan Yojana (PMJDY).[5]

The loan under the scheme can be availed through financial institutions such as, Public Sector Banks, Private Sector Banks, Rural banks from regional sector, State operated cooperative banks, Non-Banking Financial Company (NBFC) and Micro Finance Institutions (MFIs).

Since its inception, the scheme has reached out to 34.93 crore MSE Borrower Accounts and provided credit support of INR 18.39 lakh crore.[5] PMMY in tandem with other scheme and initiatives is contributing to meet the credit needs of the sector.

In terms of performance, it is seen that the scheme target allocations exhibit an average growth of 16 per cent across the years and the sanctions increased at 18 per cent. However, the amount sanction for the year 2020- 21 shows a reduction of 5 per cent, this may be attributed to reduced borrowing during the COVID-19 pandemic.

The table below shows that over the years the scheme has achieved about 98 per cent of its target.

Table 1: Scheme target achievement since inception

Year	Target (INR Cr.)	Sanctioned (INR Cr.)	Disbursements (INR Cr.)
2015-16	122,000	137,449	132,955
2016-17	180,000	180,529	175,312
2017-18	244,000	253,677	246,437
2018-19	300,000	321,723	311,811
2019-20	325,000	337,496	329,715
2020-21	350,000	321,759	311,754
2021-22	306,000	339,110	331,402

Source: Annual Reports, Ministry of MSME, Government of India

Table 2: Overall performance of the scheme

Year	No. of A/c	Amt. sanctioned (INR Cr.)	Amt. disbursed (INR Cr.)
2015-16	34,880,924	137,449	132,955
2016-17	39,701,047	180,529	175,312
2017-18	48,130,593	253,677	246,437
2018-19	59,870,318	321,723	311,811
2019-20	62,247,981	337,496	329,715
2020-21	50,735,046	321,759	311,754
2021-22	53,795,526	339,110	331,402

Overall	349,361,060	1,891,743	1,839,387

Source: MUDRA Ltd.

In terms of the three categories of loans, Shishu accounted for 86 per cent of number of accounts, 42 per cent of the amount sanctioned and 43 per cent of the amount disbursed over the last seven years.

Table 3: Categories of MUDRA loans and beneficiaries cumulative for 7 years under PMMY

Particulars	Cumulative for 7 years since inception (FY 2016 to FY 2022)		
	No. of A/c	Amt. Sanctioned (INR Cr.)	Amt. Disbursed (INR Cr.)
Shishu	299,467,978 (86%)	794,602 (42%)	785,219 (43%)
Kishore	43,039,085 (12%)	653,456 (35%)	627,257 (34%)
Tarun	6,853,997 (2%)	443,685 (23%)	426,911 (23%)
Total	**349,361,060**	**1,891,743**	**1,839,387**

Source: MUDRA Ltd.

2. Approach and Methodology

2.1 Overall Approach

The present study is aimed at assessing the impact of the scheme based on analysis of secondary data and primary stakeholder interactions.

It employs a mixed method (MM) approach, that combines the breadth of quantitative (QUANT) methods with the depth of qualitative (QUAL) and “triangulating” information from different approaches, making it useful for assessing different facets of complex outcomes or impacts of the programme (schemes).

For the secondary study, the team has conducted analysis of quantitative, qualitative data and literature review. It involves a four-pronged approach (i) synthesis of key findings from the past evaluation studies of the key schemes (ii) systemic review of the literature on relevant studies conducted in the country and (iii) systemic review of the literature on relevant studies conducted in other countries (iv) synthesis of findings from the systematic reviews of the meta-analysis conducted by researchers on the scheme/ intervention areas.

The primary study employs purposive sampling to gain insights and data from the various stakeholders extending financial assistance to the sector to help understand different aspects related to the scheme such as, role of the scheme in enabling access to credit for MSMEs, its contribution, impact, challenges, and gaps. The interactions are also used to help validate data and findings from secondary sources.

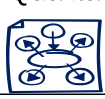
Interviews have been conducted with

- Department of Financial Services
- Micro Units Development & Refinance Agency Limited (MUDRA)
- Different member lending institutions MLIs[8] including Scheduled Commercial Banks from both public and private sectors, Small Finance Banks (SFBs), Non-Banking Finance Companies (NBFC), and Micro Finance Institutions (MFI).

The MLIs are selected based on:

- Type of MLIs (SCBs, SFBs, NBFCs and MFIs)
- Performance on the scheme (high, low, and medium- targets in terms of number of disbursements and amount of NPAs)

Table 4: Primary data collection tool to be employed

Data collection tools			
	Description	**Instrument**	**Respondent**
Qualitative 	Key Informant Interviews	Interviews based on Structured and Semi-structured questionnaires	Key Stakeholders such as banks, NBFCs etc.

[8] All SCBs are eligible as MLIs. NBFCs which have been in operation for at least 2 years as on 29.2.2020, and FIs will also be eligible as MLIs under the Scheme.

2.2 Secondary Research and Analysis

Secondary analysis includes quantitative, qualitative data analysis and literature review

The secondary research entails-

- Assessing data shared by the government ministries, agencies, and data available at varied credible sources

  The quantitative data from Department of Financial Services, MUDRA Ltd, RBI, National Sample Survey (NSS) etc. as well as the budget documents and previous research papers to understand the contribution, barriers, gaps and improvements needed across the scheme value chain.

- A detailed review of literature has also been undertaken that involves conducting computer-assisted search to identify the relevant literature from academic sources, think tanks, and international development agencies.

2.3 Primary Analysis and Stakeholder Interactions

Primary data for the study is collected from various categories of respondents identified. The data collected is qualitative, through use of appropriate instruments/ tools such as, Key Informant Interviews (KIIs).

The objective of the primary study of PMMY is to understand the key challenges in implementation, the ways to address the challenges and improve performance of scheme.

KPMG has carried out stakeholder interactions with the below mentioned stakeholder groups to deliberate on the issues of the sector, barriers around financial access, and inputs for its improvement:

- Department of Financial Services
- Micro Units Development & Refinance Agency Limited (MUDRA)
- Different member lending institutions

The list of stakeholders for the interviews is provided in annexure of the report.

2.4 Limitations of the Study

Following are some of the key limitations of the study.

a) Quality of secondary data

There is a risk that required data points are not being recorded and/ or updated by relevant authorities and data points available through secondary resources might also not be specific to the precise needs of this study

b) Lack of beneficiary survey

The stakeholder interactions are conducted only with member lending institutions and not with scheme beneficiaries due to which challenges faced by beneficiaries are not covered.

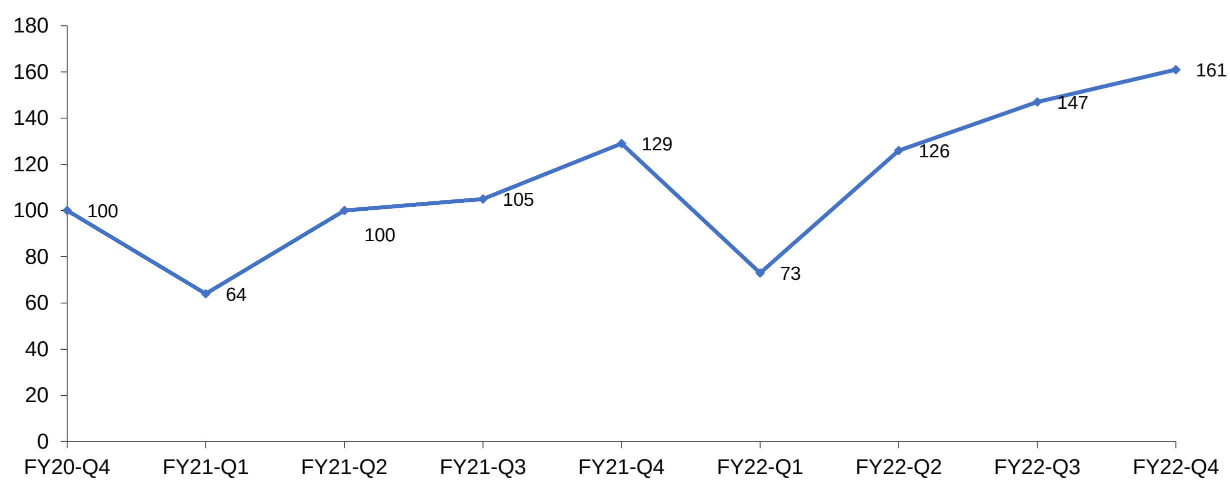
3. Literature Review and Analysis

3.1 Literature Review

3.1.1. Credit Demand of MSME

The demand for MSME loans has picked up post pandemic and the demand measures as the number of total credit enquiries have grown to 1.6 times of the pre-covid era which is attributed to the improvement or enhancement in the economic and business activity at large after the second wave of Covid-19. Further, the availability of enriched credit data and the adoption towards digital lending enabled more MSMEs, the access to credit. Compared to the pre-pandemic, the credit disbursements to MSMEs have doubled across segments indicating a support to the increasing credit demand by the industry.[9]

Figure 1: Indexed Commercial Credit Inquiry Volumes

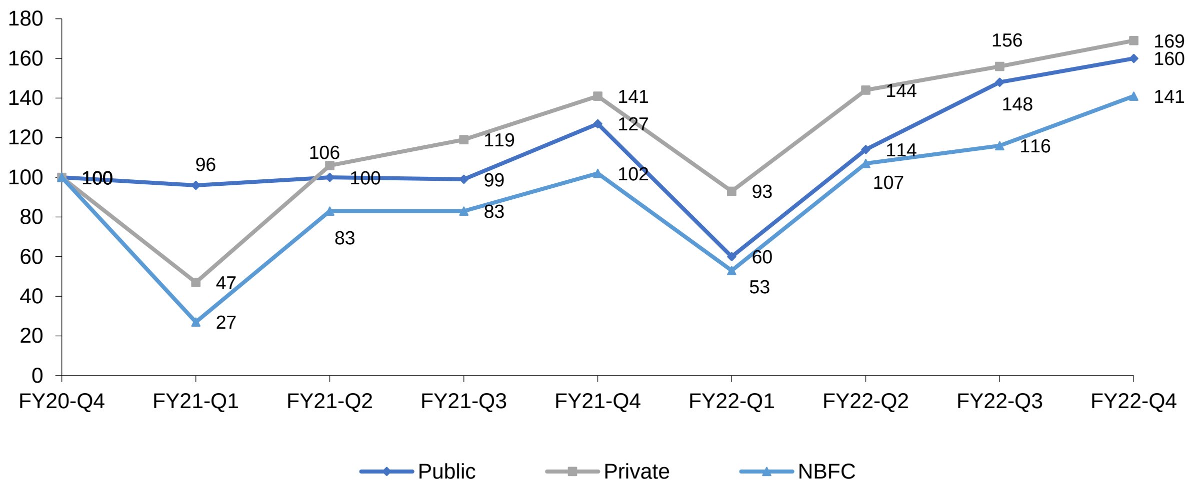


Source: MSME Pulse, SIDBI, August 2022

Credit demand for NBFC appears to be on a recovery path with a credit demand at 1.4 times of the pre-covid phase while the private and public banks stand strong at a credit demand of 1.7 and 1.6 times from the Q4, FY2020.

[9] MSME Pulse, SIDBI, August 2022

__Figure 2: Indexed Commercial Credit by Lender Type__



Source: MSME Pulse, SIDBI, August 2022

3.2.3 Current Sources of Finance and credit accessibility issues for MSME sectors

One of the biggest challenges faced by the MSME sector has been the lack of availability of timely and adequate finance. Accessing credit from formal sources has been challenging for the sector given the **lack of a credit history, lack of knowledge about processes and schemes available and other barriers in accessing formal institutions such as, inflexible policies, complex processes, and lack of understanding of stages of MSME life cycle and a perception of high risk and lack of profitable proposition among the formal institutions**. This often leads to enterprises availing loans from informal sources that offer high priced credit, pushing enterprises into a vicious cycle of debt.

Over the years the access to finance and sources of lending have increased for the enterprises. A study by Singh and Wasdani (2016)[10] assessed the sources of lending of enterprises at different stages of the life- cycle. The stages and the sources accessed are discussed below[10]-

- **Start- up stage:** At this stage enterprises are less than 3 years of age. The enterprise at this stage obtains working capital from the use of personal funds, friends or family. Use of public sector banks is also made for working capital and collateral financing.
- **Survival stage:** At 3- 6 years, the objective of these enterprise is breaking even with regard to the initial investment made. The credit needs are met through both, informal and formal sources at this stage.
- **Growth stage:** With enhanced financial need and increase in ability to lend at higher cost, the enterprises use public banks for working capital and collateral financing and private banks for short- term loans.

[10] Singh, C., and K. P. Wasdani. (2016). Finance for Micro, Small, and Medium-Sized Enterprises in India: Sources and Challenges. ADBI Working Paper 581. Tokyo: Asian Development Bank Institute. Available-http://www.adb.org/publications/finance-micro-smalland-medium-sized-enterprises-india-sources-and-challenges

- **Sustenance stage:** At more than 6 years, enterprises use personal funds, borrow from friends (to meet the working capital needs), public banks, cooperative banks. For working capital and collateral financing cooperative banks are also used.

Despite access to formal financial institutions, the challenges such as, **difficulty in providing guarantee, long loan application processing time, high processing fee, high rates of interest, lack of awareness and knowledge about financial schemes still remain a challenge.**

To address credit gap and the challenges faced by the MSMEs, the RBI Expert committee on MSMEs (2019), suggested legislative focus on market facilitation enabling ease of doing business by MSMEs, with SIDBI playing facilitative role for bringing in private equity financing into the sector, introducing the credit guarantee schemes under RBI's purview.[11]

3.2.3 Challenges – Supply-side and Demand-side Factors[12]

Certain demand- side factors that constraint access to formal finance are discussed below:

- **Information asymmetries**: Discrepancies in reporting of financial data due to the absence of organised formal book- keeping is a common issue for MSMEs that affect credit assessment and loan amount. There is also a lack of understanding and knowledge on lending processes among the enterprises that again hinders the access to finance
- **Inadequacy of collateral**: the limited access of MSMEs to immoveable collateral increases the perception of risk among the financial institutions
- **Existing debt:** Enterprises often take loans from informal sources that is not reported in their credit history. There are also cases of multiple lending due to inadequate equity base that makes them overextend and susceptible to defaulting

The supply side issues constraint include:

- **Risk perception:** MSMEs are often perceived as high risk due to lack of understanding around their businesses, lack of formal operational process, different cash flow cycles and lack of collateral. Further delays in buyer payment, high susceptibility to environmental risks and lack or absence of mechanism for risk mitigation contribute to this risk perception among financial institutions
- In addition to high risk, financial institutions find it **costly to finance** MSMEs. Due to smaller ticket sizes, high cost of due diligence and collection the profit margins shrink
- Institutions having **outdated underwriting processes** that insist on collateral and do not truly gauge the enterprises' ability to repay. Creating relevant loan underwriting systems by developing and spending time on the ground is therefore crucial
- **Lack of data on MSMEs** is another issue. The credit bureaus in the country also have limited data on the MSMEs

Overall, while the credit supply to MSMEs has increased over the years. There continues to exist significant credit gap in the sector. Both, constraints on the supply side and demand side factors,

[11] Reserve Bank of India (2019), Report of the Expert Committee on Micro, Small and Medium Enterprises

[12] Financing India's MSMEs, Estimation of debt requirement of MSMEs in India, 2018 available at ifc.org

hinder the access. In this scenario, legislative support, and schemes such as, public guarantee, subsidized lending etc. play a major role by instilling confidence and risk aversion for the lenders and facilitating access for the sector.

Recently the country faced the COVID- 19 pandemic, the MSME sector was hit hardest due to the high vulnerability, the sector presents. It faced drop in sales due to reduced customer footfall and escalation in costs due to cost of transportation being added as supply chains disrupted.

To support the sector through the phase and ensure business continuity the government extended measures under the Atma-Nirbhar Bharat Abhiyan package. The fiscal and legislative support is expected to set precedence for enhanced access to finance and growth of the sector going forward.

3.2.3 Key Initiatives by Government to improve access to Formal Credit through Institutions

To enhance the financing to the MSME sector, the government, and Reserve Bank of India (RBI) have been focused on creating an enabling environment for the sector. Changes were made in the regulatory framework to support, direct and stimulate growth.

The MSMED Act,[13] was enacted in 2006 and amended in 2020. The act defined and classified the MSME sector and formed the basis facilitating further policy development.

In 2007, the erstwhile Ministry of Small-Scale Industries and the Ministry of Agro and Rural Industries were merged to form the Ministry of Micro, Small and Medium Enterprises (M/o MSME). The ministry has been working on facilitating programmes and promoting the sector. In addition, other ministries and institutions have been supporting the sector as well.

Recently, when MSMEs ran the risk of insolvency due to liquidity challenges during the COVID-19 crisis the government expanded liquidity measures and introduced schemes to support the sector. The government under the ‘Atma-Nirbhar Bharat Abhiyan (ANBA)’ introduced various relief measures. Some of the measures are as follows[14]:

- Creation of **‘Fund of Funds’** with a corpus of INR 10,000 crores, wherein the government will have equity stakes in the MSMEs that show growth potential and viability
- **Credit Guarantee Scheme, Emergency Credit Line Guarantee Scheme (ECLGS),** debt facility for stressed MSMEs and equity infusion under the Initiative and cluster financing strategy. It provides additional liquidity to MSMEs with reduced cost of funds. The scheme enabled the “Member Lending Institutions (MLIs), 100 per cent guarantee against any losses suffered by them due to non-repayment of the ECLGS funding by borrowers.[15]
- Disallowing global tenders in government procurement tenders up to INR 200 crores

[13] The Micro, Small and Medium Enterprises Development Act, 2006, available at-
https://www.indiacode.nic.in/handle/123456789/2013?view_type=search&sam_handle=123456789/1362
[14] Atmanirbhar Presentation Part-1 Business including MSMEs 13-5-2020, available at-
https://msme.gov.in/sites/default/files/AtmanirbharPresentationPart-1BusinessincludingMSMEs13-5-2020_0.pdf
[15] Ministry of MSME (2021), Emergency Credit Line Guarantee Scheme, PIB, available at-
https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1742684

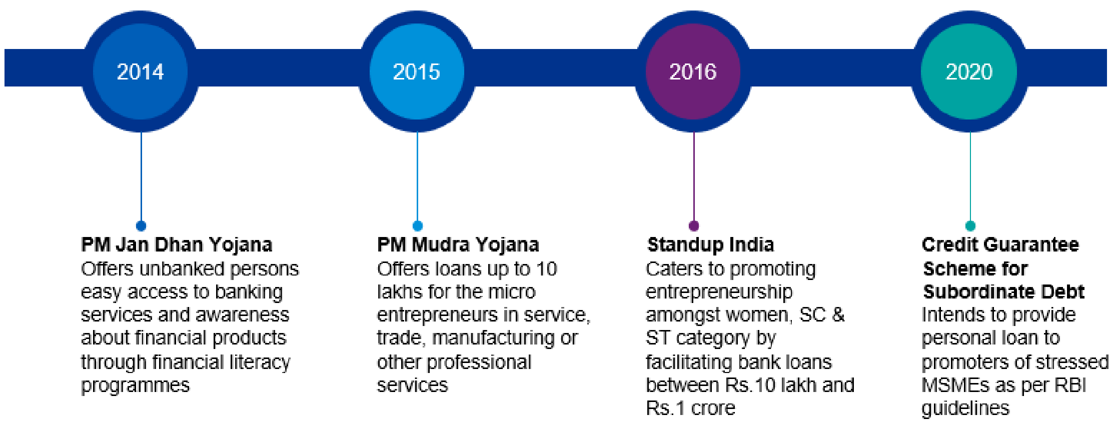
- In addition, the government also changed the classification of MSME, increasing the investment limit and introduced the criteria of turnover, the change considers the increase in price index of plant and machinery/equipment and aims at enhancing the ease of doing business for the sector. Additionally, the distinction between manufacturing and service sector was removed to bring in parity
- E- market linkages for MSMEs in place of trade fairs and exhibitions and use of data generated to enhance Fintech lending

With renewed focus on MSMEs, the sector is expected to play a key role in the economic recovery in the country. The improved credit availability, greater technology adoption, enhanced fintech landings and government reforms are expected to enable higher growth and development of the sector.[16]

3.2.3 Government Schemes promoting access of Finance for MSME Sector

Government has launched multiple schemes to improve access to credit for MSMEs over the years. Some of the important schemes targeted to provide financial assistance from FY 2011 to FY 2021 by Ministry of Finance are:

Figure 3: Key Schemes by Ministry of Finance



Various other departments have also designed schemes to improve the access to finance for the MSME sector. Table below presents key credit guarantee schemes aimed at promoting access to finance by different ministries:

[16] SIDBI (2021), ANNUAL REPORT (PART - I) 2020-21

Table 5: Schemes and Initiatives aimed at promoting access to Finance for MSME sector

Name of Scheme	**Interest Subvention Scheme**[17]	**Emergency Credit Line Guarantee Scheme (ECLGS)**[18]	**Credit Guarantee Scheme for Subordinate Debt (CGSSD)**[19]
Ministry	SIDBI, Ministry of MSME, Government of India	Department of Financial Services, Ministry of Finance (National Credit Guarantee Trustee Company Ltd)	Ministry of MSME, Government of India
Year of launch	2018	2020	2020
Objective	It aims at providing an interest relief to MSMEs for on boarding on GST platform which helps in formalization of economy while reducing the cost of credit.	To provide emergency credit facilities to MSMEs to meet their additional term loan/working capital requirements during the Covid19 crisis.	The scheme intends to provide personal loan to promoters of stressed MSMEs for infusion as equity / quasi equity in the business eligible for restructuring, as per RBI guidelines for restructuring of stressed MSME advances.
Eligibility criteria	• The scheme is applicable to MSMEs having a valid GSTN number and registered on Udyam portal, with a Valid Udyog Aadhar Number [UAN]. • Coverage to the extent of INR 100 lakh (working capital/ term loan should have been taken during the period of Scheme: 2018 to 2021)	MSMEs with outstanding loan of up to Rs.50 crores as on 29th February 2020 and turnover of up to Rs.250 crores in FY 2019-20.	Valid for stressed MSMEs, viz. SMA-2 and NPA accounts as on 30th April 2020 that are eligible for restructuring as per RBI guidelines on the books of the Lending institutions.
Funding mechanism	SIDBI shall act as a Nodal Agency for the purpose of channelizing of	100 per cent guarantee coverage to Banks and NBFCs for them to extend	It offers guaranteed coverage for the CGSSD to provide Sub-Debt support

17 Interest Subvention Scheme for MSMEs – Co-operative banks, available at https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11976&Mode=0
18 Emergency Credit Line Guarantee Scheme (ECLGS) website, available at https://www.eclgs.com/
19 CREDIT GUARANTEE SCHEME FOR SUBORDINATE DEBT (CGSSD), available at-
https://www.cgtmse.in/Default/ViewFile/?id=1607434039202_Scheme%20Document%20%20Subordinate%20Debt%20Scheme.pdf&path=Page

	interest subvention to the various lending institutions through their Nodal office. The interest relief will be calculated at two percentage points per annum (2 per cent p.a.), on outstanding balance from time to time from the date of disbursal / withdrawal or the date of notification of this scheme, whichever is later, on the incremental amount of working capital sanctioned or incremental term loan disbursed by eligible institutions.	emergency credit facilities up to 20 per cent of total outstanding on 29th February 2020.	in respect of restructuring of MSMEs. Promoters of the MSME will be given credit equal to 15 per cent of the stake in MSME entity or Rs.75 lakhs whichever is lower as per the last audited balance sheet.

The government also provides support to the lending institutions by way of Guarantee Covers. Two primary guarantee funds provided by Government under the MSME sector are CGTMSE and CGFMU. CGFMU comes under NCGTC which was set up by the Department of Financial Services, Ministry of Finance. CGTMSE was jointly set up by Ministry of Micro, Small and Medium Enterprises and SIDBI A comparative analysis of CGTMSE and CGFMU highlighting the similarities and differences between the two is summarized in the table below:

Table 6: CGS & CGTMSE and PMMY & CGFMU

Credit Guarantee Fund	**Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)** [20]	**Credit Guarantee Fund for Micro Units (CGFMU);**
Ministry	Ministry of MSME, Government of India and SIDBI	Department of Financial Services, Ministry of Finance, Government of India
Year of launch	2000	2015
Objective	To provide collateral-free credit to the MSME sector.	It aims to provide loans to income generating micro enterprises that are engaged in manufacturing, trading, and services up to INR 10 lakh.
Target beneficiary	MSMEs	Micro Enterprises
Corpus	The corpus of the scheme is contributed by Government of India and SIDBI in 4:1 ratio. Earlier in March 2010, the corpus was INR 1906.55 crore[21]. Up to May 2016, INR 2477.78 crore[22] as corpus has been contributed, a change of around 30 per cent.	Credit guarantee fund CGFMU operates with the initial corpus of INR 3000 crores while the refinance corpus under MUDRA Bank is INR 20,000 crores as per the Budget Speech 2015-16[23].
Guarantee Cover	The guarantee cover available under the scheme is to the extent of 50%/ 75% / 80% & 85% of the sanctioned amount of the credit facility[24].	The guarantee cover available under the scheme is to the extent of 50%/ 75% - subject to maximum pay out cap of 15% of the crystallized portfolio[25]

[20] MSME Schemes, Ministry of Micro, Small & Medium Enterprises, available at https://msme.gov.in/sites/default/files/MSME_Schemes_English_0.pdf
[21] MSME, GOI, available at: https://msme.gov.in/sites/default/files/CredirGuranteeFundScheme_1.pdf
[22] Development Commissioner Ministry of MSME, available at: http://www.dcmsme.gov.in/old/schemes/sccrguarn.htm
[23] Press Information Bureau, Government of India Cabinet, available at: https://pib.gov.in/newsite/PrintRelease.aspx?relid=134215
[24] CGTMSE, available at: https://www.cgtmse.in/Home/VS/3
[25] FAQ, CGFMU, available at: https://www.ncgtc.in/sites/default/files/finalfaq.pdf

	• 50% - credit from INR 10 lakh to INR 100 lakh per MSE borrower for retail trade activity • 75% - credit facility extended by the lending institution for credit facilities up to INR 200 lakh. • 80% - i) Micro and Small Enterprises operated and/or owned by women; and (ii) all credits/loans in the Northeast Region (NER) for credit facilities up to INR 50 lakh. In case of default • 85% - micro enterprises for credit up to INR 5 lakh	• For Micro loans sanctioned up to March 31, 2020, First Loss to the extent of 5% of the crystallized portfolio of the MLI is borne by the MLI. Out of the balance portion, the 'extent of guarantee' will be to a maximum extent of 50% of 'Amount in Default' • For Micro Loans sanctioned during FY 2020-21 and after First loss to the extent of 3% of the amount in default is borne by the MLI. Out of the balance portion, the "extent of guarantee" will be to 75% of "Amount in Default" • For SHGs - Extent of guarantee is 75% of amount in default. No first Loss.
Eligibility criteria/ loans covered	Manufacturing and services including Retail trade are eligible. However, educational/ training institutions, SHG and agriculture are ineligible for coverage.	Loans can be availed by new and existing micro entrepreneurs: small manufacturers, artisan, fruit & vegetable dealer, shopkeeper, Agri business.
Funding mechanism	Small Industries Development Bank of India (SIDBI), established Trust, namely the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) implements the scheme. The corpus of the scheme is contributed by Government of India and SIDBI and 75 per cent of the loan amount to the bank is guaranteed by the Trust Fund. Credit facility up to Rs. 200 lakhs can be covered on outstanding basis.	Credit Guarantee Fund for Micro Units (CGFMU) was established with established initial corpus of INR 3000 crores in 2015 for guaranteeing loans sanctioned under PMMY. Lending institutions are NBFCs, Public and Private sector banks, MFIs, Regional Rural Banks, Small Finance Banks that can provide loans up to Rs. 10 lakhs.

3.2 Sector Level Analysis

3.2.1 Credit Gap – Supply of credit analysis

To arrive at the estimate of the current credit gap, data from SIDBI's Annual report and IFC has been extrapolated to estimate the total credit demand by MSMEs from FY 2018 onwards to FY 2021[26].

The total addressable demand for credit was around INR 27.90 lakh crore[27] and INR 36.70 lakh crore[28] for the FY 2010 and FY 2017 in the MSME while the credit supply to MSME stood at INR 20.21 lakh crore as of March 2021, with a YoY growth of 6.6 per cent[29], observing a strong rebound post the Covid era.

For the FY 2021, the total addressable credit demand is INR 41.95 lakh Cr and the supply of credit flow to the MSME sector is INR 20.21 lakh Cr, which marks an estimated credit gap of 51.82 per cent of the total addressable credit demand by MSME as per the analysis below.

Table 7: Credit Gap in MSME sector

The total addressable credit demand by MSME sector are predicted for the FY 2018 and FY 2019 based on the CAGR of 4.68 per cent (IFC, World Bank, FY2010 and FY2017).

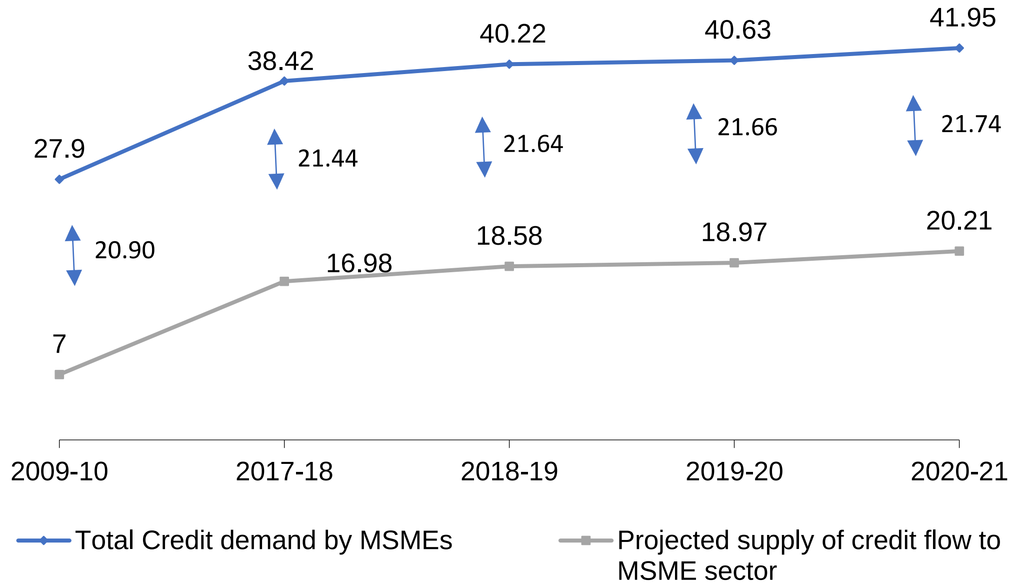
For the FY 2020 and FY 2021, the total addressable demand could be INR 40.63 lakh Cr and INR 41.95 lakh Cr respectively, assuming growth rate changes of the supply of credit flow to MSME sector (*Refer to annexure for detailed assumptions and change/ growth per cent calculations)*

(Year) (Amt. in lakh Cr.)	Total Addressable Credit demand by MSMEs	Total supply of credit flow to MSME sector	Credit Gap
2009-10	*27.9*	7	20.90
2017-18	*38.42*	16.98	21.44
2018-19	*40.22*	18.58	21.64
2019-20	*40.63*	18.97	21.66
2020-21	*41.95*	20.21	21.74

Source: KPMG India Analysis (in blue), SIDBI Annual Report, 2020-21, IFC, World Bank

[26] Refer to Annexure for assumptions and change/ growth per cent calculations
[27] IFC, world bank, November 2012, Credit demand for FY2010, available at https://www.ifc.org/wps/wcm/connect/cb7b428f-57c0-4941-b760-505052b12e93/MSME+Report-03-01-2013.pdf?MOD=AJPERES&CVID=jQUTnU3
[28] IFC, world bank, November 2018, Credit demand for FY2017, available at https://www.ifc.org/wps/wcm/connect/dcf9d09d-68ad-4e54-b9b7-614c143735fb/Financing+India%E2%80%99s+MSMEs+-+Estimation+of+Debt+Requirement+of+MSMEs+in+India.pdf?MOD=AJPERES&CVID=my3Cmzl
[29] SIDBI, Annual Report, 2020-21

Figure 4: Credit Gap in MSME Sector (in INR lakh crore)



Source: KPMG India Analysis; SIDBI Annual Report, 2020-21

It can be observed from the figure above that the total credit demand by MSMEs and the projected supply of credit flow to MSME sector has been moving parallelly since FY 2018 and there has been no change or improvement in bridging the credit gap as a percent of total demand by MSMEs. Special efforts would thus be required to encourage lenders and financial institutions to reverse these trends for the future and bridge gap in access.

3.2.3 Impact on Outstanding Loans in MSME

To observe the impact of launch of PMMY and understand the implication of the amount outstanding and accounts for PPMY portfolio, time series publication data for the Scheduled Commercial Banks for Trade, Manufacturing, and other professional services from the FY 2014 up to FY 2022 has been analysed.

The Amount outstanding has been increasing year after year and Outstanding credit (less than INR 10 lakhs) for scheduled commercial banks is the highest for trade accounts which also saw a major hike in the financial years 2015-2016.

The number of accounts have also significantly increased for Trade by 70 per cent and Manufacturing by 67 per cent during 2015-16.

Overall, the number of accounts and amount outstanding in SCBs from FY 2014 to FY 2021 saw significant year on year increase for manufacturing, trading as well as other professional services.

However, Covid-19 impacted the growth of these accounts, both in terms of number and amount outstanding which is clearly visible through the negative and low YoY change respectively in all the three categories – Manufacturing, Trade and Other Professional services for the FY 2022.

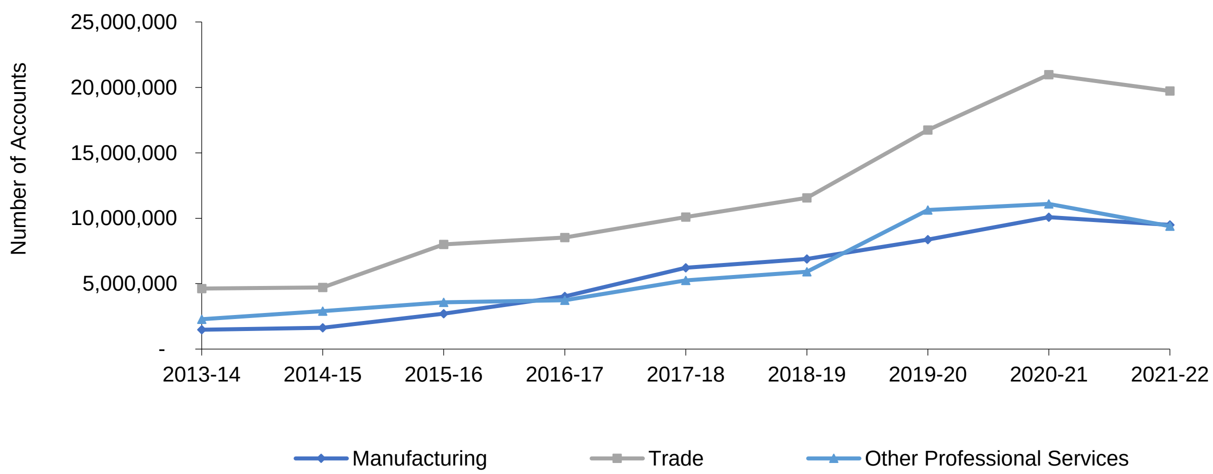
Table 8: YoY change (growth) in number of accounts and amount outstanding for Manufacturing, Trade, and other professional services in SCBs (for less than INR 10 lakhs)

High	Medium	Low

YoY change per cent	Manufacturing		Trade		Other Professional Services	
Year	**No. of A/c**	**Amt. O/s**	**No. of A/c**	**Amt. O/s**	**No. of A/c**	**Amt. O/s**
2014-15	10%	19%	2%	12%	27%	20%
2015-16	67%	9%	70%	25%	23%	15%
2016-17	49%	12%	7%	8%	4%	6%
2017-18	54%	20%	18%	20%	41%	23%
2018-19	11%	11%	15%	16%	13%	12%
2019-20	22%	14%	45%	18%	80%	20%
2020-21	20%	20%	25%	22%	4%	10%
2021-22	-6%	8%	-6%	9%	-15%	-3%

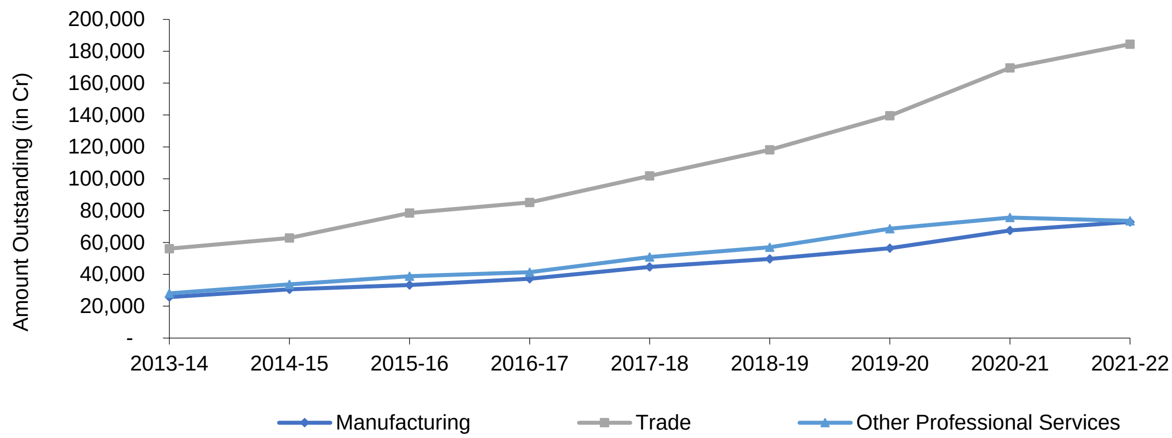
Source: Database on Indian Economy, RBI's Data Warehouse, Time series publications, Quarterly BSR-1: Outstanding credit of SCBs

Figure 5: Number of Accounts for Manufacturing, Trade and Other Professional Services in SCBs



Source: Database on Indian Economy, RBI's Data Warehouse, Time series publications, Quarterly BSR-1: Outstanding credit of SCBs

Figure 6: Amount Outstanding for Manufacturing, Trade and Other Professional Services in SCBs

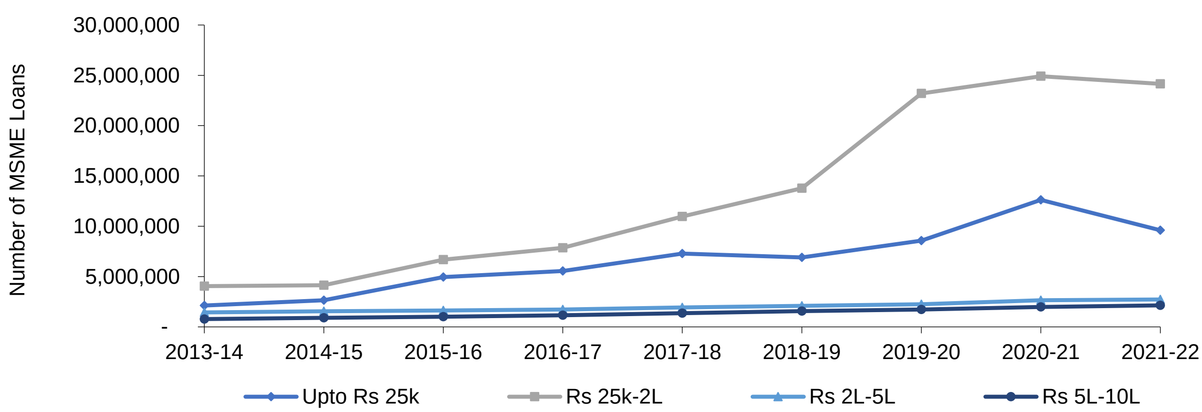


Source: Database on Indian Economy, RBI's Data Warehouse, Time series publications, Quarterly BSR-1: Outstanding credit of SCBs

On further analysing the data of SCBs, it is observed that most of the MSME account for Manufacturing, Trade and other professional services have low quantum of loans such that the maximum number of loans accounts fall into the category of "Rs25k-2L" category, whereas the least accounts belong to the category "Rs5L-10L". Likewise, for the amount outstanding, maximum growth can be observed for the category "Rs5L-10L" and the least for "Upto Rs25k" category.

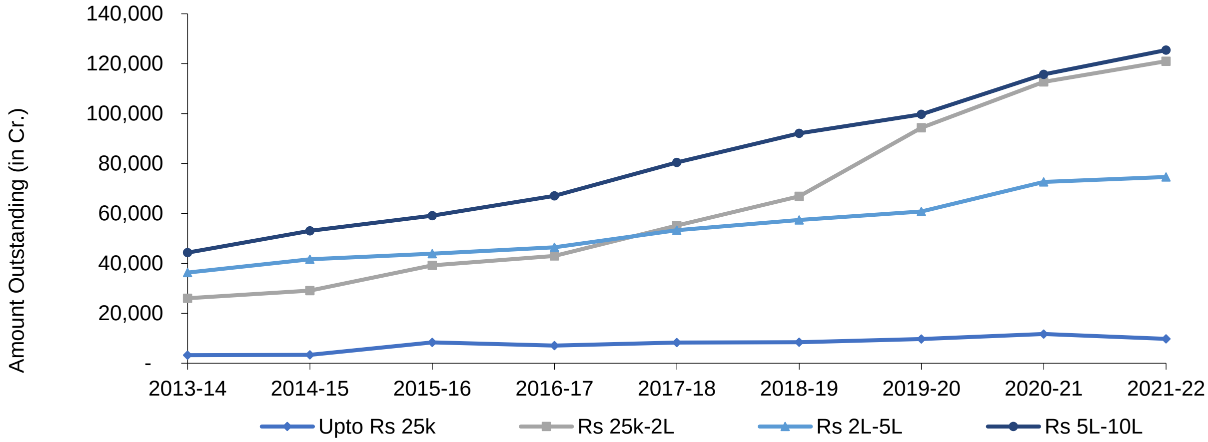
However, post the launch of PMMY, in 2015-16, it is observed that the combined number of accounts and amount outstanding for trade, manufacturing and Professional Services have increased by 87 per cent and 148 per cent respectively for loan size "Upto Rs25k".

Figure 7: Number of MSME loans (Trade, Manufacturing and Other Professional Services)



Source: Database on Indian Economy, RBI's Data Warehouse, Time series publications, Quarterly BSR-1: Outstanding credit of SCBs

Figure 8: Total Outstanding on MSME loans upto Rs 10 lakhs by SCBs (Trade, Manufacturing and Other Professional Services)

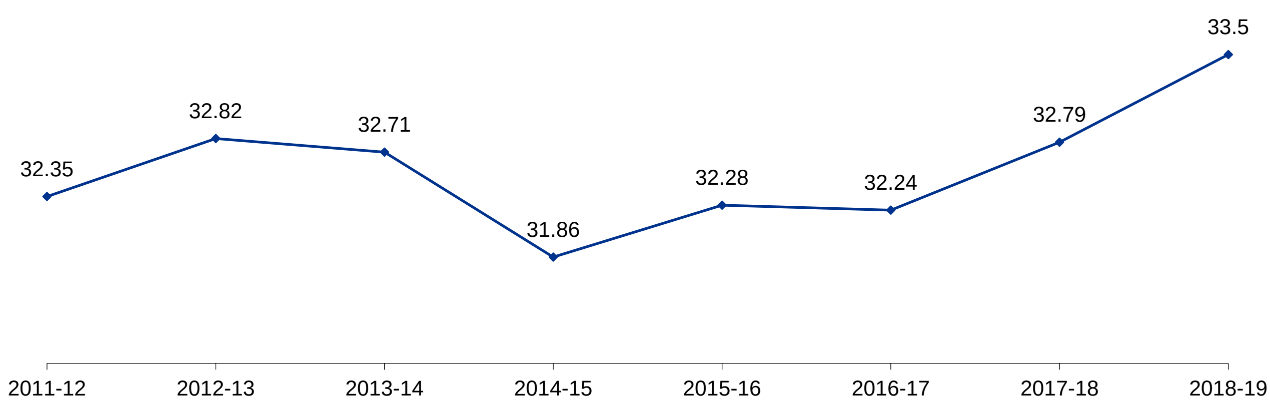


Source: Database on Indian Economy, RBI's Data Warehouse, Time series publications, Quarterly BSR-1: Outstanding credit of SCBs

3.2.3 Relationship between GVA and credit availability

The MSME sector plays a major role and contributed to nearly 34 per cent of India's GVA in FY 2019. It can also be observed that there is a significant improvement in GVA per cent after the launch of PMMY starting FY 2016, indicating the scheme contribution in enhancing availability of credit had a positive role to play in the increasing share of MSME in GVA per cent.

Figure 9: Share of MSME in GVA%



Source: MSME Annual Report, Government of India, 2018-19 and 2020-21

The table below highlights the supply of credit to the MSME sector and the corresponding share of MSME in GVA per cent. For the FY 2018 and FY 2019, it can be observed that an increase from INR 16.98 lakh Cr to INR 18.58 lakh Cr is complemented by a increase in the share of MSME contribution in GVA from 32.79 per cent in FY 2018 to 33.50 per cent in FY 2019.

Table 9: Availability/ supply of Credit to MSME sector, KPMG India Analysis, and correlation with share of MSME in GVA per cent

(Year) (Amt. in lakh Cr.)	Availability/ supply of Credit to MSME	Share of MSME in GVA (%)
2017-18	**16.98**	32.79
2018-19	**18.58**	33.50

Source: SIDBI Annual Report, 2020-21; Annual reports, MSME

3.3 Scheme Level Analysis

3.3.1 Category Wise Performance

The three categories of PMMY namely the Shishu, Kishore and Tarun are analysed in this section basis the number of accounts and the amount disbursed from the launch year i.e. FY 2016 up to FY 2022.

On analysing the growth of the portfolio, it is observed that the number of Shishu accounts which was rising till FY 2020, has had a drop in the last year (negative YoY change of 26.2 per cent in FY 2021) and a consequent decline in the amount sanctioned and disbursed (negative YoY change of 33.3 per cent in FY 2021). Subsequently, the number of Tarun accounts and the amount disbursed therein is significantly declining over the past 2 years and only the Kishore account has faired well with YoY growth of 46.6 per cent and 39.2 per cent in the number of accounts and amount disbursed respectively in the FY 2021.

Overall, the scheme has not shown much growth post FY 2020, primarily due to economic slow down during the pandemic – Covid 19 as can be seen in the table and figure below.

Table 10: Category-wise details of number of accounts and disbursement amount under PMMY

Year (Amt. in Cr.)	Shishu (Loans up to Rs. 50,000)		Kishore (Loans from Rs. 50,001 to Rs. 5.00 Lakh)		Tarun (Loans from Rs. 5.00 to Rs. 10.00 Lakh)		Total	
	No. of A/c	Disburse-ment Amt.	No. of A/c	Disburse-ment Amt.	No. of A/c	Disburse-ment Amt.	No. of A/c	Disburse-ment Amt.
2015-16	32,401,046	62,028	2,069,461	41,073	410,417	29,854	**34,880,924**	**132,955**
2016-17	36,497,813	83,892	2,663,502	51,063	539,732	40,357	**39,701,047**	**175,312**
2017-18	42,669,795	104,228	4,653,874	83,197	806,924	59,012	**48,130,593**	**246,437**
2018-19	51,507,438	139,652	6,606,009	99,868	1,756,871	72,292	**59,870,318**	**311,811**
2019-20	54,490,617	162,813	6,471,873	91,427	1,285,116	75,475	**62,247,606**	**329,715**
2020-21	40,180,115	108,637	9,486,160	127,240	1,068,771	75,878	**50,735,046**	**311,754**
2021-22	41,721,154	123,969	11,088,206	133,389	986,166	74,044	**53,795,526**	**331,402**
	299,467,978	**785,219**	**43,039,085**	**627,257**	**6,853,997**	**426,911**	**349,361,060**	**1,839,387**

Source: MUDRA Ltd.

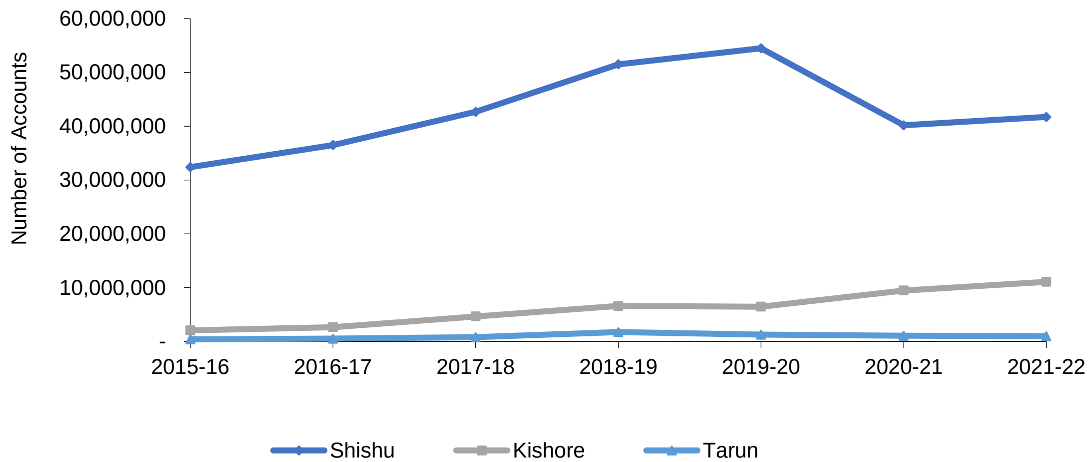
Table 11: YoY change in Mudra accounts and amount disbursed category wise

High	Medium	Low

Financial Year	Shishu (Loans up to Rs. 50,000)		Kishore (Loans from Rs. 50,001 to Rs. 5.00 Lakh)		Tarun (Loans from Rs. 5.00 to Rs. 10.00 Lakh)		Total	
	No. of A/c	Disburse-ment Amt.	No. of A/c	Disburse-ment Amt.	No. of A/c	Disburse-ment Amt.	No. of A/c	Disburse-ment Amt.
2016-17	13%	35%	29%	24%	31%	35%	14%	32%
2017-18	17%	24%	75%	63%	49%	46%	21%	41%
2018-19	21%	34%	42%	20%	118%	22%	24%	26%
2019-20	6%	17%	-2%	-8%	-27%	4%	4%	6%
2020-21	-26%	-33%	47%	39%	-17%	0%	-18%	-5%
2021-22	4%	14%	17%	5%	-8%	-2%	6%	6%

Source: MUDRA Ltd.

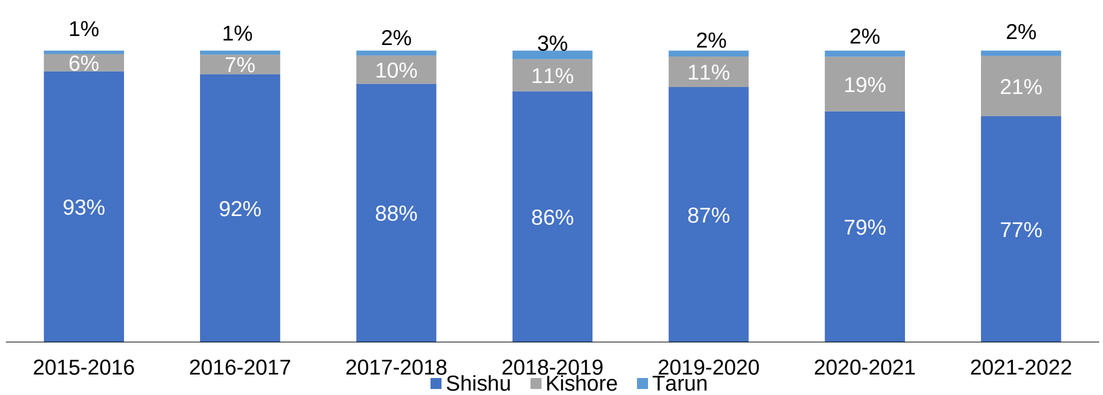
Figure 10: Number of Accounts for Shishu, Kishore and Tarun category



Source: MUDRA Ltd.

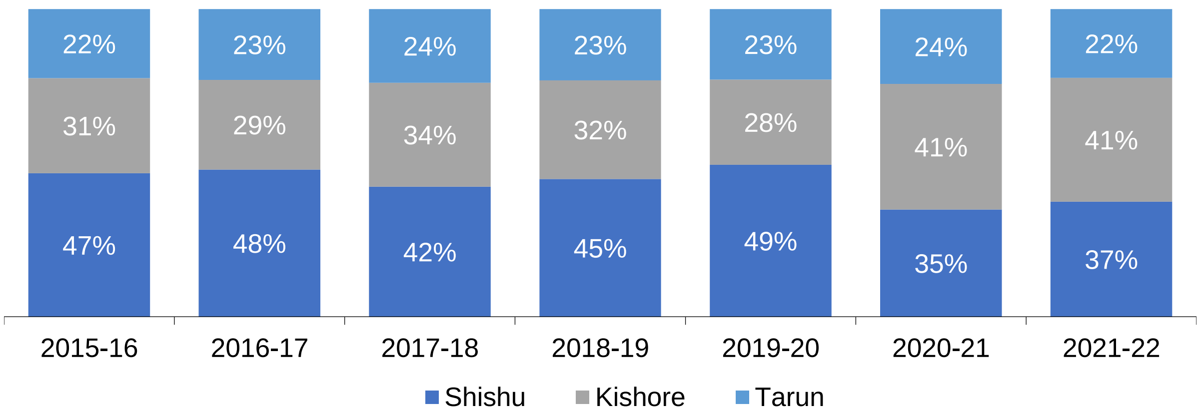
Further, as a share of the total portfolio of PMMY, the majority loan accounts (77.56 per cent) are in the Shishu category. However, gradually the share is declining compared to the year of launch wherein Shishu loans comprised of a whopping share of 92.89 per cent. This movement can be seen shifting and contributing to the share of Kishore loans as it now stands at 20.61 per cent compared to just 5.93 per cent in the FY 2016. Also, the Kishore category has grown to acquire the major share with respect to the amount disbursed for any category with a share of around 41 per cent, first time in FY 2021 since the launch, surpassing the Shishu category that had been dominant both in terms of number of accounts and the amount disbursed over the years. Lastly, for the Tarun category, we did not see any significant change both in terms of loan accounts and amount disbursed.

Figure 11: Share of Mudra Accounts category wise



Source: MUDRA Ltd.

Figure 12: Share of Shishu, Kishore and Tarun loans in the total PMMY portfolio (Disbursed Amount)



Source: MUDRA Ltd.

3.3.7 Sub-category Analysis

This section presents the trends, pattern, and distribution of the PMMY for the subcategories based on castes (SC, ST, OBC), gender, minorities, and new entrepreneurs (new accounts – first time borrowers).

For an overview, people belonging to SC, ST, OBC have more number of Shishu accounts (83.92 per cent, 83.53 per cent, 78.68 per cent respectively for FY 2022) and only a few among them belong to the Kishore and least to the Tarun category.

Further, the women entrepreneurs have always had the major share of PMMY loans. For the FY 2022, they are holding around 71.4 per cent of the total number of accounts in their name in. Out of this, however it can be observed that they are majorly given loans in the Shishu category (79.22 per cent).

PMMY scheme was designed to target and benefit the new to credit customers[30]. In this context, we observe from the table below that majority of the amount for new entrepreneurs is disbursed to the Tarun category while majority of the new entrepreneur borrowers belong to the Shishu category (71.70 per cent).

[30] PM launches Mudra bank to 'fund the unfunded' small entrepreneurs; available at https://www.hindustantimes.com/india/pm-launches-mudra-bank-to-fund-the-unfunded-small-entrepreneurs/story-0pdua6ML9noC1NqqoPDnNM.html

Table 12: Sub category under the PMMY, FY 2022

Category (Amt. in Cr.)	Shishu		Kishore		Tarun		Total			
	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	% of total no. of A/c	% of total Amt.
General	19,185,749	59,382	5,977,398	88,234	830,992	66,268	**25,994,139**	**213,884**	**48**	**63**
SC	7,858,637	22,633	1,480,309	12,949	25,756	1,721	**9,364,702**	**37,304**	**17**	**11**
ST	2,938,831	8,086	562,237	5,241	17,016	1,125	**3,518,084**	**14,453**	**7**	**4**
OBC	11,737,937	34,646	3,068,262	31,220	112,402	7,604	**14,918,601**	**73,470**	**28**	**22**
Total	**41,721,154**	**124,747**	**11,088,206**	**137,644**	**986,166**	**76,719**	**53,795,526**	**339,110**	**1**	**1**
Out of the above:										
Women	30,441,921	89,622	7,892,778	70,028	94,560	6,773	**38,429,259**	**166,422**	**71**	**49**
New Entrepre-neur	4,682,019	13,025	1,463,027	28,231	385,305	31,429	**6,530,351**	**72,685**	**12**	**21**
Minor-ities	5,411,850	15,077	1,971,117	21,468	65,872	4,765	**7,448,839**	**41,311**	**14**	**12**

Source: MUDRA Ltd.

Table 13: Distribution of subcategory according to Loan size category, FY 2022

Sub-Category	Shishu		Kishore		Tarun	
	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.
General	74%	28%	23%	41%	3%	31%
SC	84%	61%	16%	35%	0%	5%
ST	84%	56%	16%	36%	0%	8%
OBC	79%	47%	21%	42%	1%	10%
Out of the above:						
Women	79%	54%	21%	42%	0%	4%
New Entrepreneur	72%	18%	22%	39%	6%	43%
Minorities	73%	36%	26%	52%	1%	12%

Source: MUDRA Ltd.

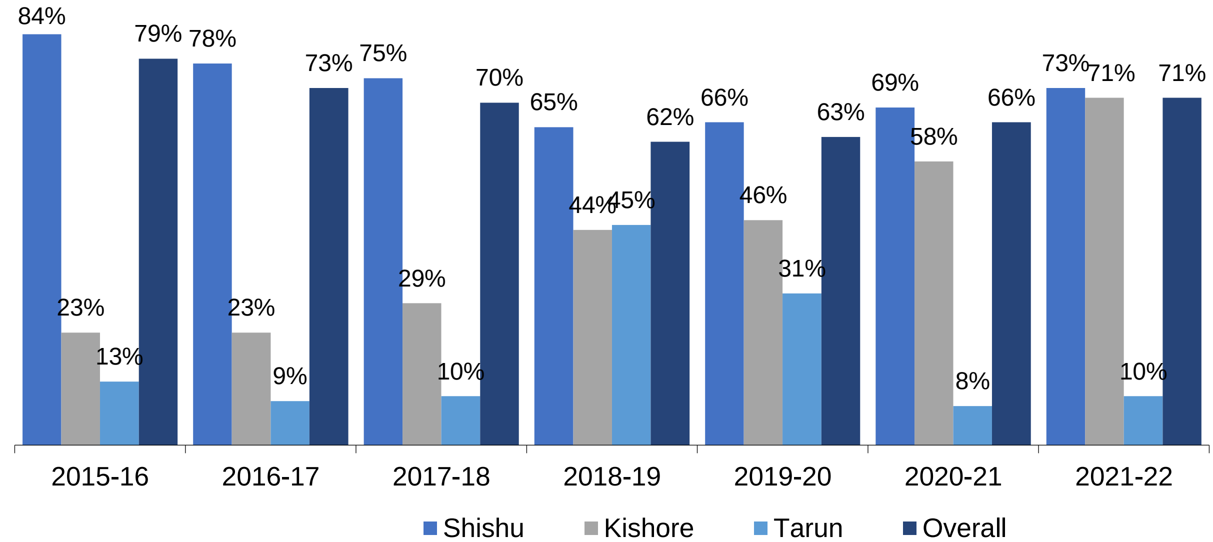
Detailed Analysis for the subcategories:

Women

The in-depth analysis from the period FY 2016 to FY 2022 revealed around a 10-percentage point dip in the amount sanctioned for women entrepreneurs from its launch. From the figure below, we can also observe that the ratio of disbursement is almost 50:50 for men and women in the current times.

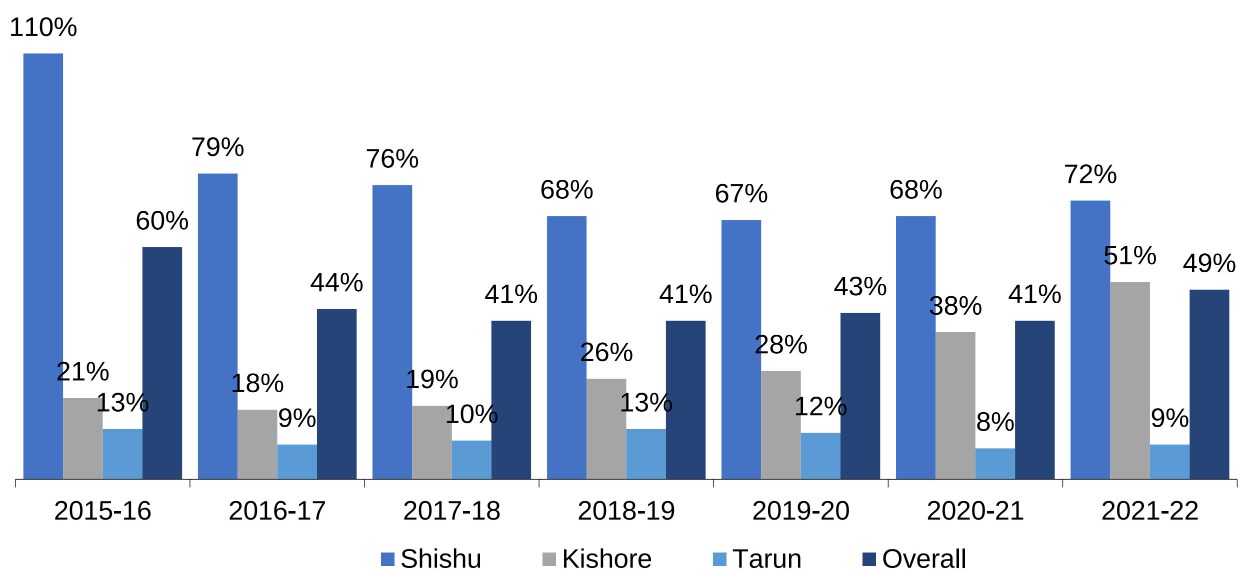
Additionally, the number of women account holders as a per cent of the total accounts under the Mudra scheme witnessed a fall from 79% in FY 2016 to 71% in FY 2022. However, despite of this, they continue to maintain their presence and hold the majority of accounts in the scheme compared to other genders.

Figure 13: Share of Number of Accounts for women entrepreneurs as a percentage of total accounts under MUDRA



Source: MUDRA Ltd.

Figure 14: Share of Sanctioned amounts for women entrepreneurs as a percentage of total sanctioned amount under MUDRA



Source: MUDRA Ltd.

[31] Men*: May or may not include other gender as well

Table 14: Women: Share of Women in total number of accounts and amount sanctioned category-wise

Women	Shishu		Kishore		Tarun		Total	
Year	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.
2015-16	84%	110%	23%	21%	13%	13%	79%	60%
2016-17	78%	79%	23%	18%	9%	9%	73%	44%
2017-18	75%	76%	29%	19%	10%	10%	70%	41%
2018-19	65%	68%	44%	26%	45%	13%	62%	41%
2019-20	66%	67%	46%	28%	31%	12%	63%	43%
2020-21	69%	68%	58%	38%	8%	8%	66%	41%
2021-22	73%	72%	71%	51%	10%	9%	71%	49%

Source: MUDRA Ltd.

Also, as stated earlier, women are majority Shishu account holders in the PMMY scheme. However, the trend of women having majority of the Shishu accounts, has over the years gradually shifting and seeing a ray of light with graduation to the Kishore category, more so evidently, post the pandemic, in the last 2 years, especially for the amount sanctioned per cent that has risen from 11.03 per cent in FY 2016 to 42.08 per cent in FY 2022.

Table 15: Women: Distribution of number of accounts and sanctioned amount according to loan size category

Women	Shishu		Kishore		Tarun	
Year	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.
2015-16	98%	84%	2%	11%	0%	5%
2016-17	98%	83%	2%	12%	0%	5%
2017-18	96%	78%	4%	16%	0%	6%
2018-19	90%	72%	8%	20%	2%	8%
2019-20	91%	76%	8%	18%	1%	6%
2020-21	83%	57%	16%	39%	0%	5%
2021-22	79%	54%	21%	42%	0%	4%

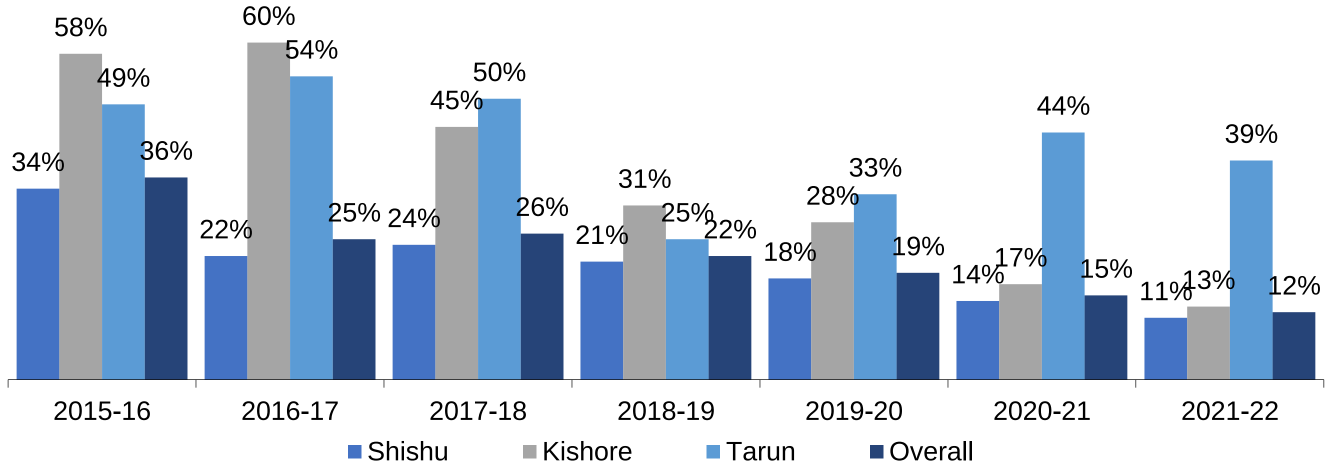
Source: MUDRA Ltd.

New entrepreneur/ accounts

The sanctioned amount for New entrepreneurs has increased from INR 61,650 Crore to INR 72,685 Crore and the number of accounts have decreased from 124.7 lakhs to 65.3 lakhs.

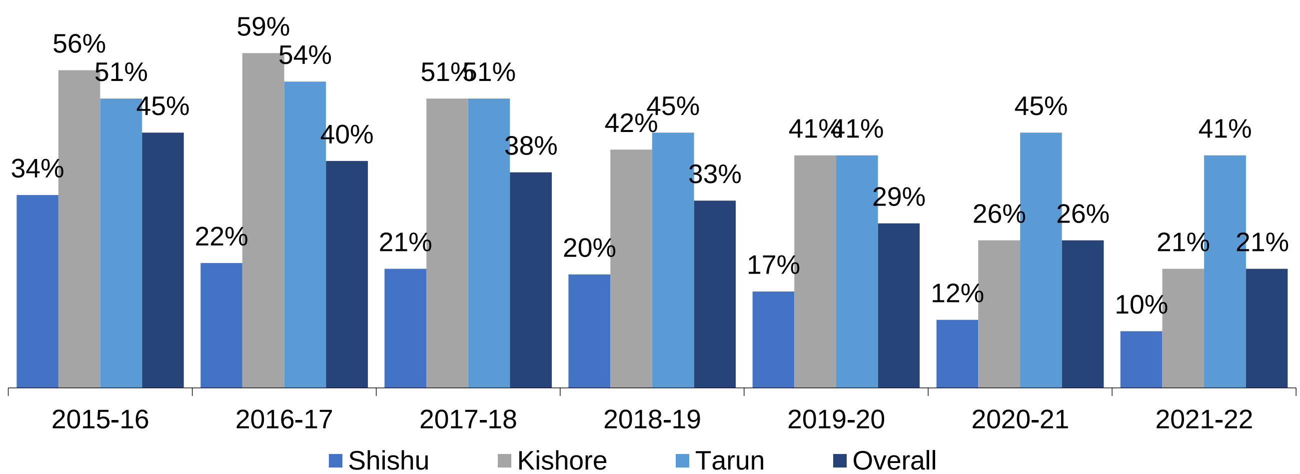
For the FY 2022, only 12 per cent of the total loan accounts belong to new entrepreneurs compared to 36 per cent at the time of launch of the scheme. The share of the amount sanctioned as a per cent of total sanctioned amount under MUDRA has also shown a decline of around 24 percentage point over the last 7 financial years.

Figure 15: Share of Number of New entrepreneur accounts as a percentage of total accounts under MUDRA



Source: MUDRA Ltd.

Figure 16: Share of New entrepreneur sanctioned amount as a percentage of total sanctioned amount under MUDRA



Source: MUDRA Ltd.

Similarly, not only overall, but the same downward trend, both for the number of accounts as well as the amount sanctioned to the new entrepreneur accounts as a per cent of the total continues to fall for all the categories irrespective of the loan size value.

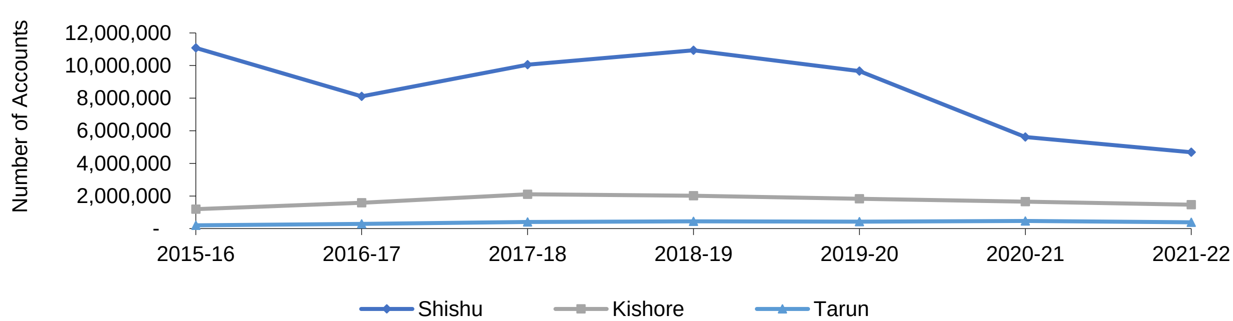
Table 16: New Entrepreneurs Account: Share of New Entrepreneur in total number of accounts and amount sanctioned category-wise

New Entrepreneur Year	Shishu		Kishore		Tarun		Total	
	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.
2015-16	34%	34%	58%	56%	49%	51%	36%	45%
2016-17	22%	22%	60%	59%	54%	54%	25%	40%
2017-18	24%	21%	45%	51%	50%	51%	26%	38%
2018-19	21%	20%	31%	42%	25%	45%	22%	33%
2019-20	18%	17%	28%	41%	33%	41%	19%	29%
2020-21	14%	12%	17%	26%	44%	45%	15%	26%
2021-22	11%	10%	13%	21%	39%	41%	12%	21%

Source: MUDRA Ltd.

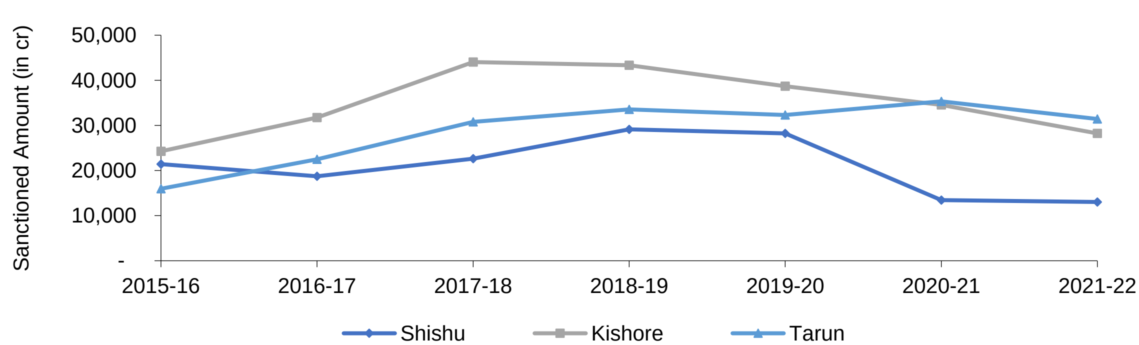
However, on analyzing the distribution of number of accounts and sanctioned amount according to loan size category from the table below, it can be observed that there is a gradual increase in Kishore and Tarun category portfolios from 1/10th in FY 2016 to almost more than 1/4th as a share of the total portfolio accounts belonging to new entrepreneurs in FY 2022, an indication of a migration to higher categories both in terms of number of accounts and amount sanctioned.

Figure 17: Number of New Entrepreneur Accounts category wise



Source: MUDRA Ltd.

Figure 18: Sanctioned Amount for new Entrepreneur Accounts category wise



Source: MUDRA Ltd

Table 17: New Entrepreneurs Account: Distribution of number of accounts and sanctioned amount according to loan size category

New Entrepreneur	Shishu		Kishore		Tarun	
Year	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.
2015-16	89%	35%	10%	39%	2%	26%
2016-17	81%	26%	16%	44%	3%	31%
2017-18	80%	23%	17%	45%	3%	32%
2018-19	82%	27%	15%	41%	3%	32%
2019-20	81%	28%	15%	39%	4%	33%
2020-21	73%	16%	21%	41%	6%	42%
2021-22	72%	18%	22%	39%	6%	43%

Source: MUDRA Ltd.

SC, ST, OBC, Minorities

The SC, ST, OBC and the minority[32] communities exhibit similar trend for PMMY portfolios, be it for the number of accounts, the amount sanctioned, or share of distribution in Shishu, Kishore and Tarun categories:

1. Majority people under the SC,ST, OBC and minorities belong to the Shishu category, both for the number of accounts as well as the amount sanctioned (around 70 per cent to 90 per cent of the account holders in these categories have loans of ticket size less than INR 50,000).
2. The number of accounts as a per cent of total accounts and the sanctioned amount as a per cent of total sanctioned amount for PMMY has not shown any significant change from FY 2016 to FY 2022 for the SC, ST, OBC or minorities.
3. Gradual movement in the Kishore category, both as a share of the number of accounts as well as the amount sanctioned. Around 35 per cent to 50 per cent of the amount is disbursed in the range of INR 50,000 to INR 5,00,000 in these sub-categories as can be seen from the tables below.
4. The analysis as a share of total number of accounts and amount sanctioned for all the Social groups have remained almost constant over the years

[32] the six (6) centrally notified minority communities namely Muslims, Christians, Sikhs, Buddhists, Parsis and Jains; Available at: https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1807697

Table 18: SC: Share of SCs in total number of accounts and amount sanctioned category-wise

SC	Shishu		Kishore		Tarun		Total	
Year	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.
2015-16	18%	17%	7%	6%	5%	4%	17%	11%
2016-17	19%	19%	5%	4%	2%	2%	18%	10%
2017-18	19%	18%	7%	5%	2%	1%	18%	10%
2018-19	17%	16%	8%	5%	8%	2%	16%	9%
2019-20	17%	17%	11%	6%	3%	2%	16%	10%
2020-21	18%	18%	11%	7%	2%	2%	17%	10%
2021-22	19%	18%	13%	9%	3%	2%	17%	11%

Source: MUDRA Ltd.

Table 19: SC: Distribution of number of accounts and sanctioned amount according to loan size category and as a share of total portfolio under PMMY

SC	Shishu		Kishore		Tarun		Total	
Year	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c as a percent of total A/c	Sanctioned Amt. as a percent of total sanctioned amt.
2015-16	97%	72%	2%	19%	0%	9%	18%	11%
2016-17	98%	85%	2%	11%	0%	4%	18%	10%
2017-18	96%	80%	4%	16%	0%	4%	18%	10%
2018-19	93%	78%	6%	18%	1%	5%	16%	9%
2019-20	93%	79%	7%	17%	0%	4%	17%	10%
2020-21	87%	64%	12%	31%	0%	5%	17%	10%
2021-22	84%	61%	16%	35%	0%	5%	17%	11%

Source: MUDRA Ltd.

Table 20: ST: Share of STs in total number of accounts and amount sanctioned category-wise

ST Year	Shishu		Kishore		Tarun		Total	
	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.
2015-16	5%	5%	3%	3%	2%	2%	5%	4%
2016-17	5%	5%	2%	2%	1%	1%	5%	3%
2017-18	6%	5%	2%	2%	1%	1%	5%	3%
2018-19	6%	5%	3%	2%	7%	1%	6%	3%
2019-20	7%	6%	4%	3%	2%	1%	6%	4%
2020-21	7%	7%	5%	3%	2%	1%	6%	4%
2021-22	7%	6%	5%	4%	2%	1%	7%	4%

Source: MUDRA Ltd.

Table 21: ST: Distribution of number of accounts and sanctioned amount according to loan size category and as a share of total portfolio under PMMY

ST	Shishu		Kishore		Tarun		Total	
Year	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c as a percent of total A/c	Sanctioned Amt. as a percent of total sanctioned amt.
2015-16	96%	62%	4%	26%	1%	12%	5%	4%
2016-17	96%	73%	3%	20%	0%	8%	5%	3%
2017-18	95%	70%	4%	22%	0%	7%	5%	3%
2018-19	90%	70%	6%	21%	4%	9%	6%	3%
2019-20	92%	73%	7%	21%	1%	6%	6%	4%
2020-21	85%	57%	14%	34%	1%	9%	6%	4%
2021-22	84%	56%	16%	36%	0%	8%	7%	4%

Source: MUDRA Ltd.

Table 22: OBC: Share of OBCs in total number of accounts and amount sanctioned category-wise

	Shishu		Kishore		Tarun		Total	
	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.
2015-16	31%	32%	20%	17%	10%	10%	30%	22%
2016-17	35%	35%	21%	18%	10%	10%	34%	24%
2017-18	33%	32%	20%	17%	9%	9%	32%	21%
2018-19	27%	26%	21%	17%	11%	8%	26%	19%
2019-20	25%	24%	26%	20%	9%	8%	25%	19%
2020-21	28%	28%	23%	18%	10%	9%	26%	19%
2021-22	28%	28%	28%	23%	11%	10%	28%	22%

Source: MUDRA Ltd.

Table 23: OBC: Distribution of number of accounts and sanctioned amount according to loan size category and as a share of total portfolio under PMMY

OBC	Shishu		Kishore		Tarun		Total	
Year	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c as a percent of total A/c	Sanctioned Amt. as a percent of total sanctioned amt.
2015-16	96%	66%	4%	24%	0%	10%	30%	22%
2016-17	95%	69%	4%	22%	0%	9%	34%	24%
2017-18	93%	63%	6%	27%	0%	10%	32%	21%
2018-19	90%	60%	9%	29%	1%	10%	26%	19%
2019-20	88%	60%	11%	30%	1%	10%	25%	19%
2020-21	83%	50%	16%	39%	1%	11%	26%	19%
2021-22	79%	47%	21%	42%	1%	10%	28%	22%

Source: MUDRA Ltd.

Table 24: Minorities: Share of Minorities in total number of accounts and amount sanctioned category-wise

	Shishu		Kishore		Tarun		Total	
	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.
2015-16	12%	11%	11%	11%	8%	8%	12%	10%
2016-17	13%	13%	12%	11%	8%	8%	13%	11%
2017-18	11%	12%	11%	9%	6%	6%	11%	9%
2018-19	11%	11%	11%	9%	4%	7%	10%	9%
2019-20	10%	10%	11%	10%	5%	7%	10%	9%
2020-21	7%	7%	13%	12%	5%	5%	8%	8%
2021-22	13%	12%	18%	16%	7%	6%	14%	12%

Source: MUDRA Ltd.

Table 25: Minorities: Distribution of number of accounts and sanctioned amount according to loan size category and as a share of total portfolio under PMMY

Minorities	Shishu		Kishore		Tarun		Total	
Year	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c	Sanctioned Amt.	No. of A/c as a percent of total A/c	Sanctioned Amt. as a percent of total sanctioned amt.
2015-16	94%	50%	5%	32%	1%	18%	12%	10%
2016-17	93%	56%	6%	28%	1%	16%	13%	11%
2017-18	89%	51%	10%	32%	1%	16%	11%	9%
2018-19	87%	50%	12%	32%	1%	18%	10%	9%
2019-20	88%	52%	11%	31%	1%	17%	10%	9%
2020-21	69%	30%	30%	57%	1%	14%	8%	8%
2021-22	73%	36%	26%	52%	1%	12%	14%	12%

Source: MUDRA

3.3.7 Regional Level Analysis

This section explores and analyses the performance of the scheme in various regions of the country. To serve the purpose, states have been clustered into 5 regions (North, East, Northeast, South, and West) basis the classification provided in the annual reports of Mudra as given in the table below.

An overview from the data reveals a downturn impact of Covid-19 on the performance of scheme across regions. Period post covid i.e. FY 2020 to FY 2021, the number of accounts under PMMY have shown a negative YoY per cent change (13% to 26%) for all the regions, alongside a drop in the amount disbursed for majority of the regions during the same period.

Table 26: Number of Accounts, region-wise

Year	North	East	North East	South	West	Total
2015-16	6,825,247	8,935,827	563,010	11,376,361	7,180,479	34,880,924
2016-17	6,667,731	12,838,524	1,599,339	11,430,144	7,165,309	39,701,047
2017-18	8,464,083	12,764,868	4,395,809	14,464,973	8,040,680	48,130,413
2018-19	11,292,193	18,658,660	3,060,244	17,315,948	9,543,273	59,870,318
2019-20	12,456,705	19,589,404	2,278,699	17,454,720	10,468,078	62,247,606
2020-21	10,405,478	17,088,159	1,681,086	13083,599	8,476,724	50,735,046
2021-22	11,545,805	18,724,571	1,174,574	13,329,413	9,021,163	53,795,526

Source: MUDRA Ltd.

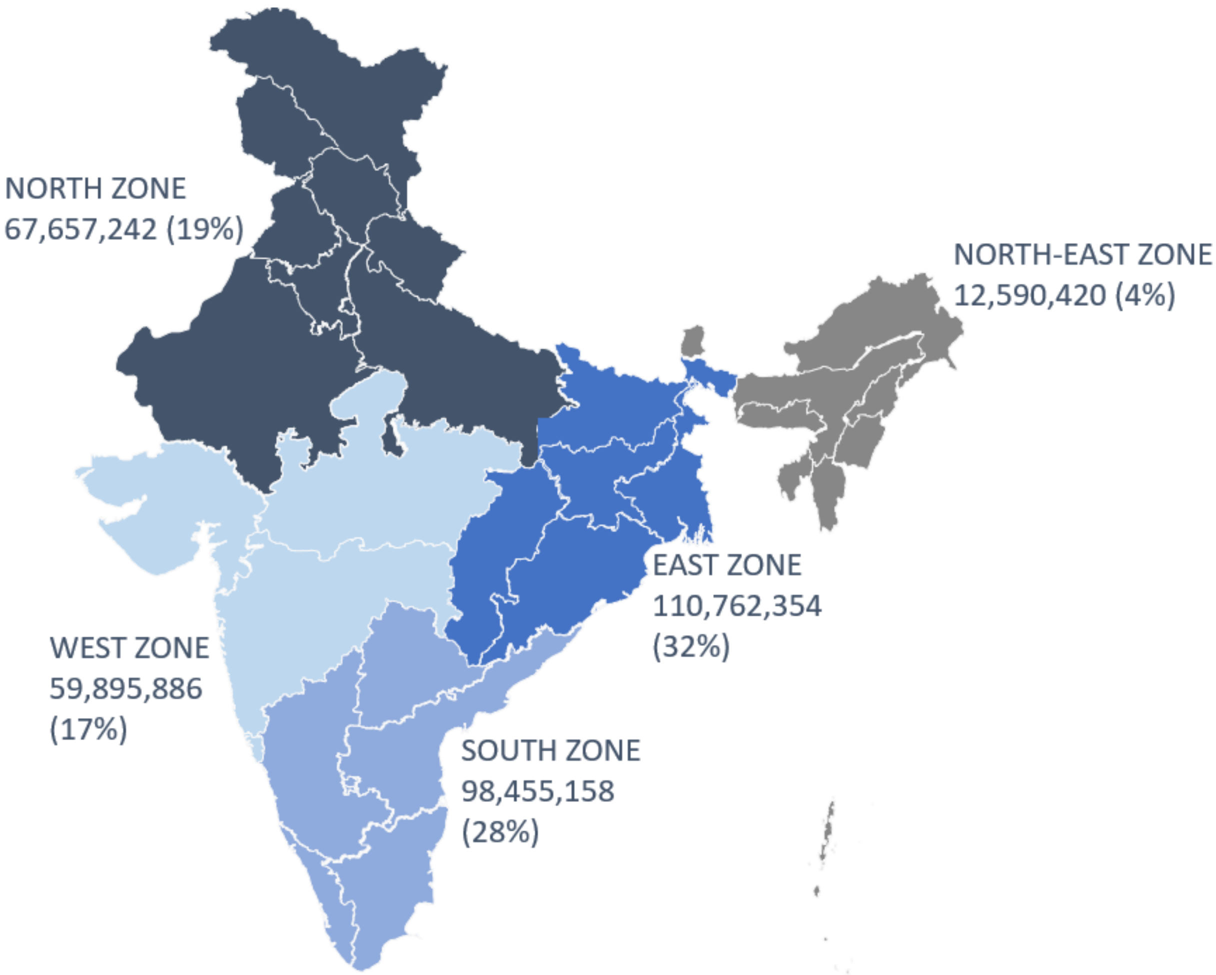
Table 27: Amount sanctioned (in crore), region-wise

Year	North	East	North East	South	West	Total
2015-16	31,725	26,492	2,794	48,067	28,371	137,449
2016-17	41,885	43,115	6,650	52,877	36,001	180,529
2017-18	60,535	48,744	18,554	76,260	49,584	253,677
2018-19	74,437	79,581	13,145	96,930	57,629	321,721
2019-20	82,045	84,574	10,824	98,767	61,285	337,495
2020-21	78,555	85,472	11,511	90,325	55,897	321,722
2021-22	82,700	98,637	8,682	91,765	57,327	339,110

Source: MUDRA Ltd.

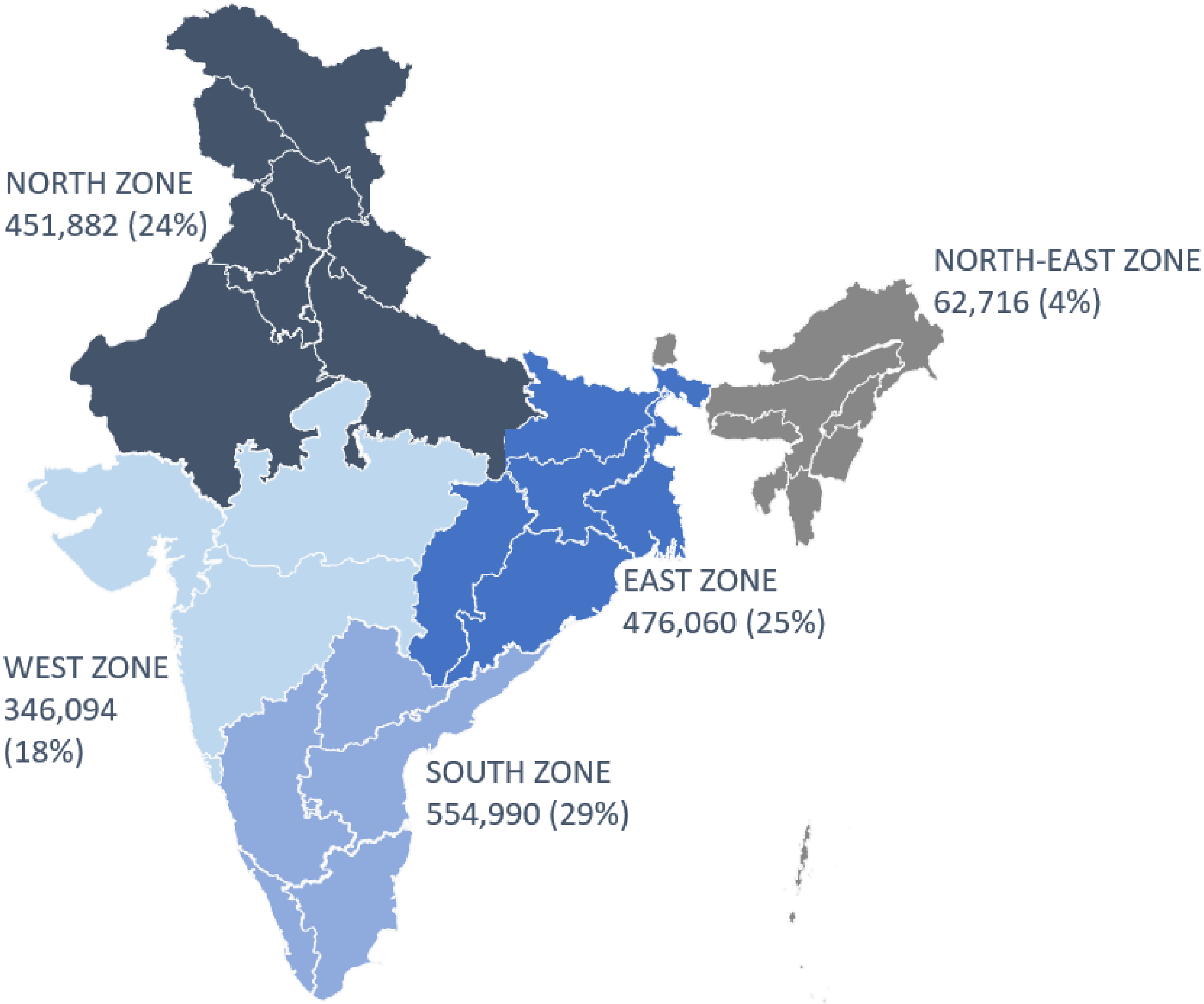
Analysing further, the top performing regions are South and East, followed by North and West, with North-east being at the bottom of the pyramid considering the absolute values of the total number of accounts and the amount sanctioned in different states of the country for the period ranging from 2015 to 2022.

Figure 19: Cumulative number of accounts (2015 – 2022), region-wise



Source: MUDRA Ltd.

Figure 20: Cumulative sanctioned amount (2015 – 2022), region-wise



Source: MUDRA Ltd

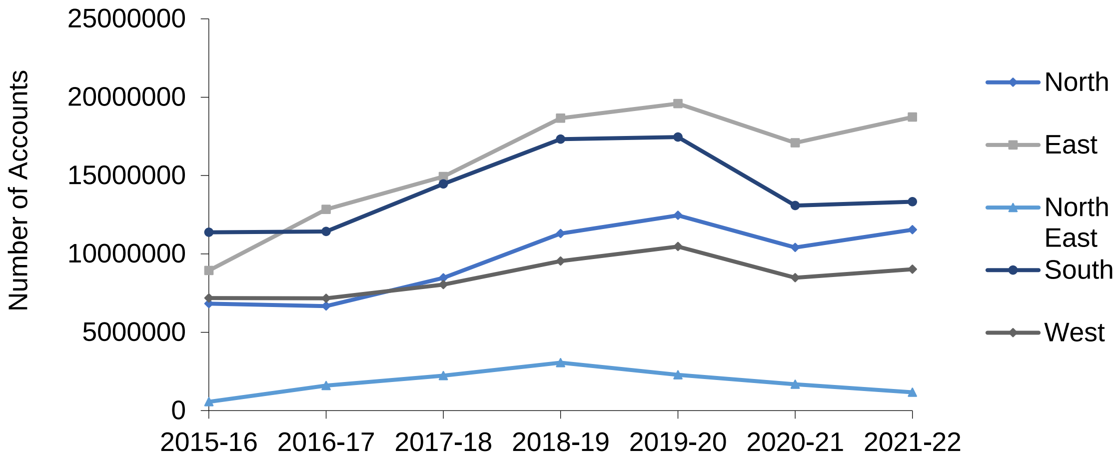
Additionally, the number of accounts and the amount sanctioned under the Mudra scheme for the Northeast region is not only the lowest but is also decreasing year after year post FY 2018.

Further, region wise analysis of the number of accounts and amount sanctioned also reveals:

- Maximum CAGR increase for both the number of accounts and amount sanctioned from 2015 onwards is from East region
- Regionally, the number of accounts and the amount sanctioned under the Mudra scheme for the Northeast region is not only the lowest but is also decreasing year after year post FY 2018
- An overview from the data reveals a downturn impact of Covid-19 on the performance of scheme across regions.

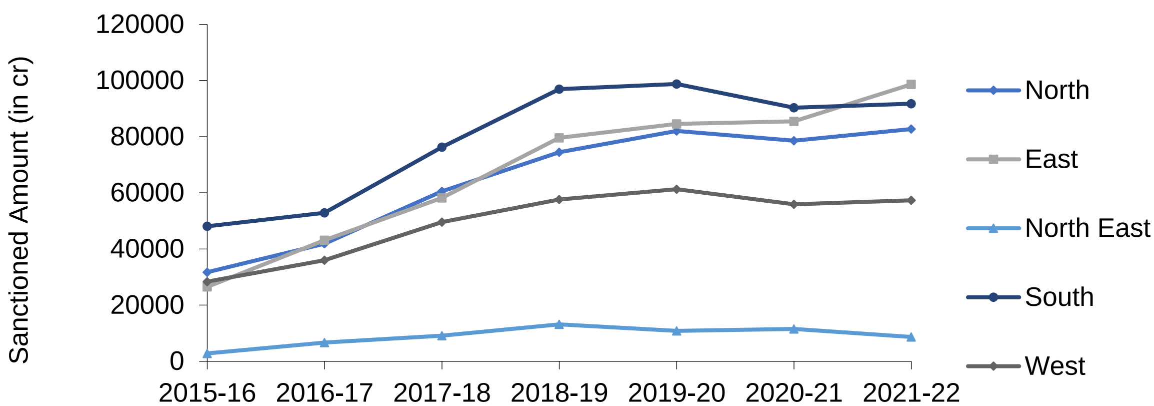
- For FY 2021, the number of accounts under PMMY have shown a negative YoY per cent change (13% to 26%) for all the regions, alongside a drop in the amount disbursed for majority of the regions during the same period, possibly due to covid

Figure 21: Number of Accounts under PMMY region wise



Source: MUDRA Ltd.

Figure 22: Amount Sanctioned under PMMY region wise

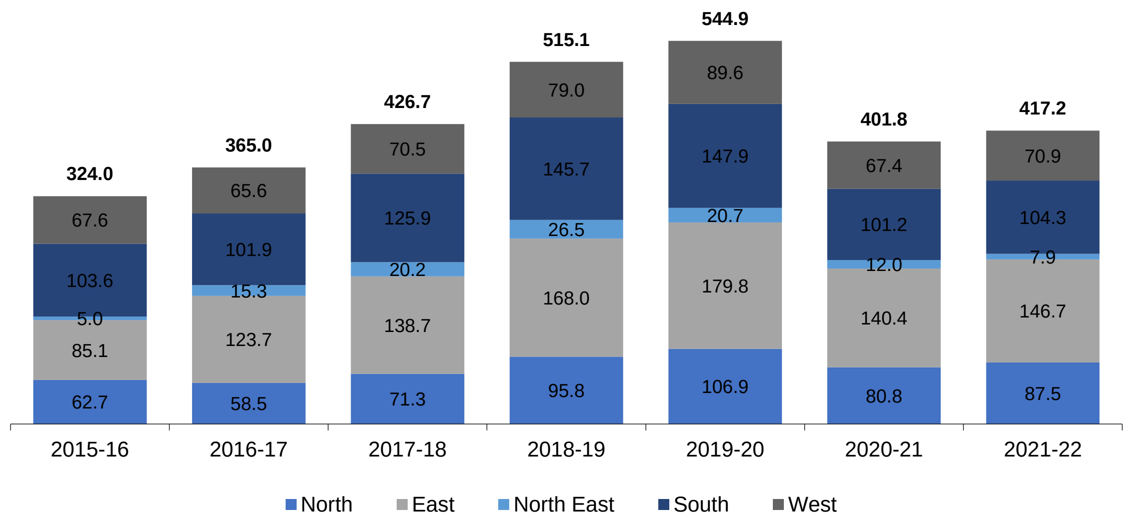


Source: MUDRA Ltd

Further, category-wise analysis indicates that East region has the maximum CAGR increase for the number of accounts in all the three categories (Shishu (7 per cent), Kishore (34.4 per cent) and Tarun category (15 per cent)).

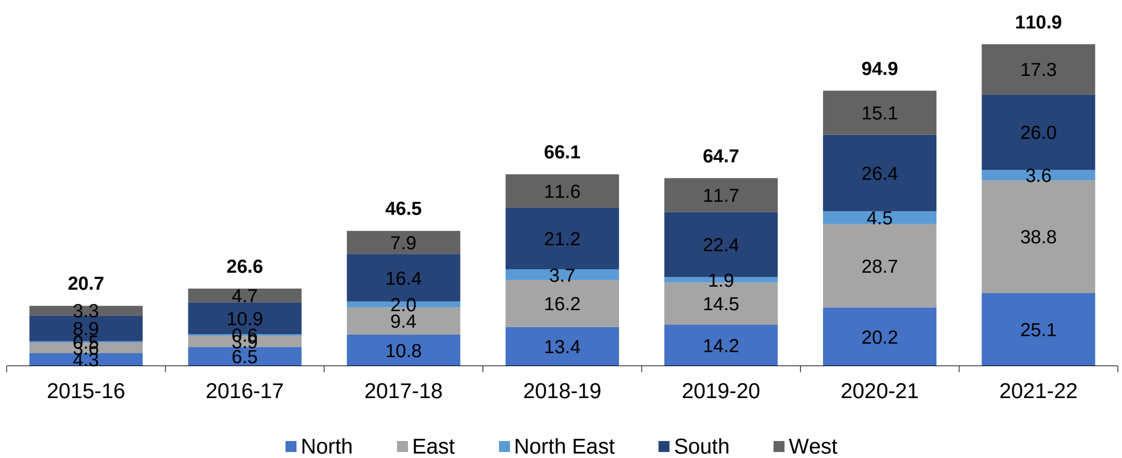
Also, the CAGR of the number of accounts for the Shishu (0.1 per cent) and Kishore category (14.4 per cent) is the lowest in the South region, however cumulatively the South region has the highest number of Kishore and Tarun accounts (132.3 lakhs and 21.6 lakhs respectively).

Figure 23: Shishu: Region-wise Performance (Number of Accounts) (in lakhs)



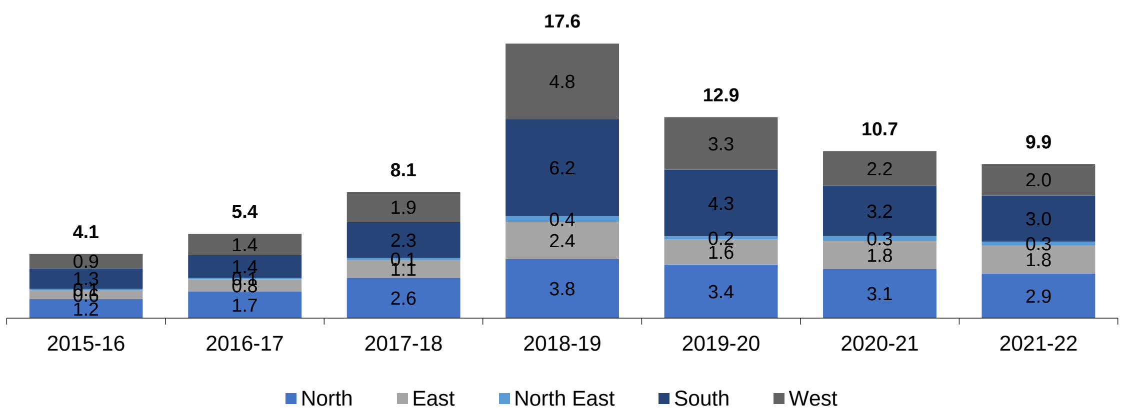
Source: MUDRA Ltd.

Figure 24: Kishore: Region-wise Performance (Number of Accounts) (in lakhs)



Source: MUDRA Ltd.

Figure 25: Tarun: Region-wise Performance (Number of Accounts) (in lakhs)

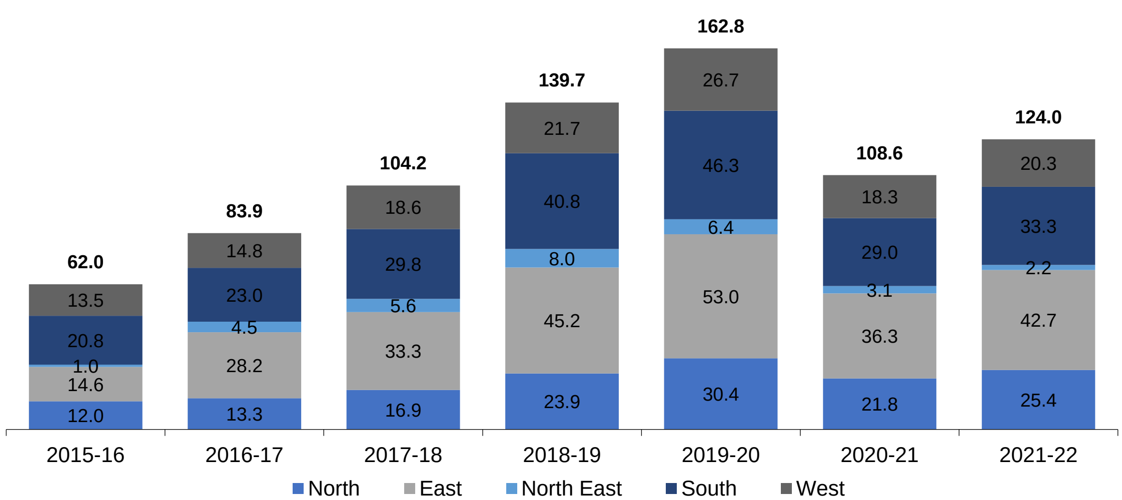


Source: MUDRA Ltd.

Further, cumulative maximum amount disbursed for the Shishu, Kishore and Tarun category is in the East (253.2 thousand crores), South (194.9 thousand crores) and North region (132.4 thousand crores) respectively.

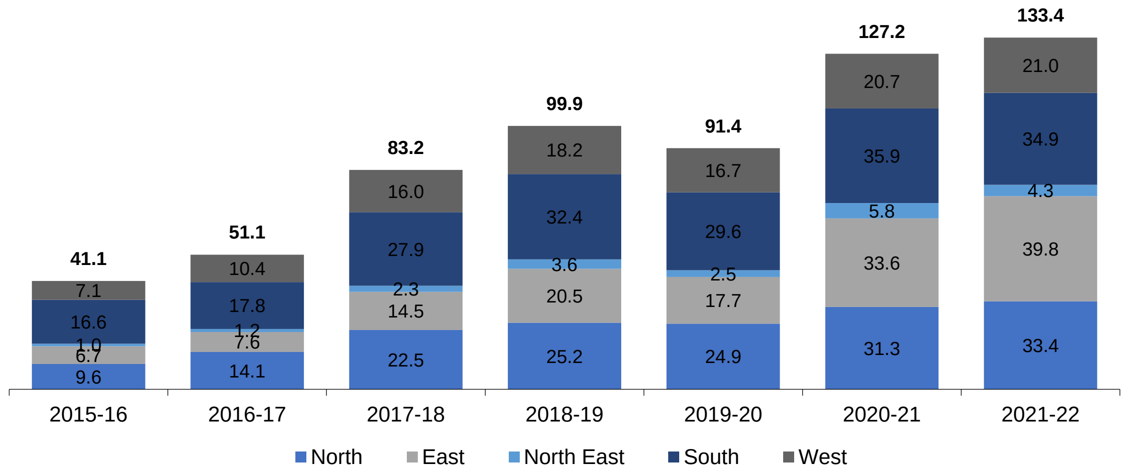
East region also has the maximum CAGR increase in all the three categories (Shishu (7 per cent), Kishore (34.4 per cent) and Tarun category (15 per cent)) for the amount disbursed.

Figure 26: Shishu: Region-wise Performance (Amount Disbursed) (in INR thousand crores)



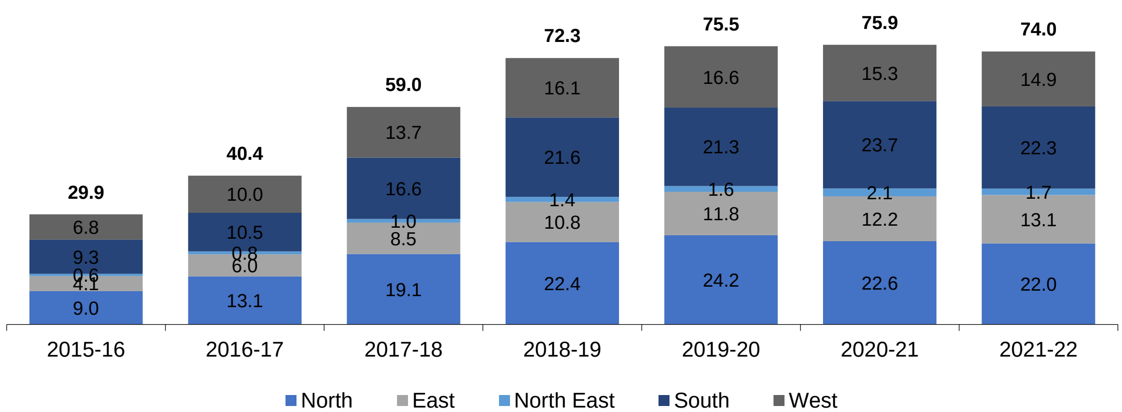
Source: MUDRA Ltd.

Figure 27: Kishore: Region-wise Performance (Amount Disbursed) (in INR thousand crores)



Source: MUDRA Ltd

Figure 28: Tarun: Region-wise Performance (Amount Disbursed) (in INR thousand crores)



Source: MUDRA Ltd.

Table 28: State Classification region wise

Regional Classification[33]	States[34]
North	Chandigarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Delhi, Uttar Pradesh, Uttarakhand, Punjab, and Rajasthan
East	Odisha, West Bengal, Bihar, Jharkhand, Chhattisgarh
Northeast	Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura
South	Karnataka, Kerala, Puducherry, Tamil Nadu, Telangana, Andhra Pradesh, Andaman & Nicobar, Lakshadweep
West	Dadra & Nagar Haveli, Daman & Diu, Gujarat, Goa, Madhya Pradesh, Maharashtra

3.3.7 State-wise Performance

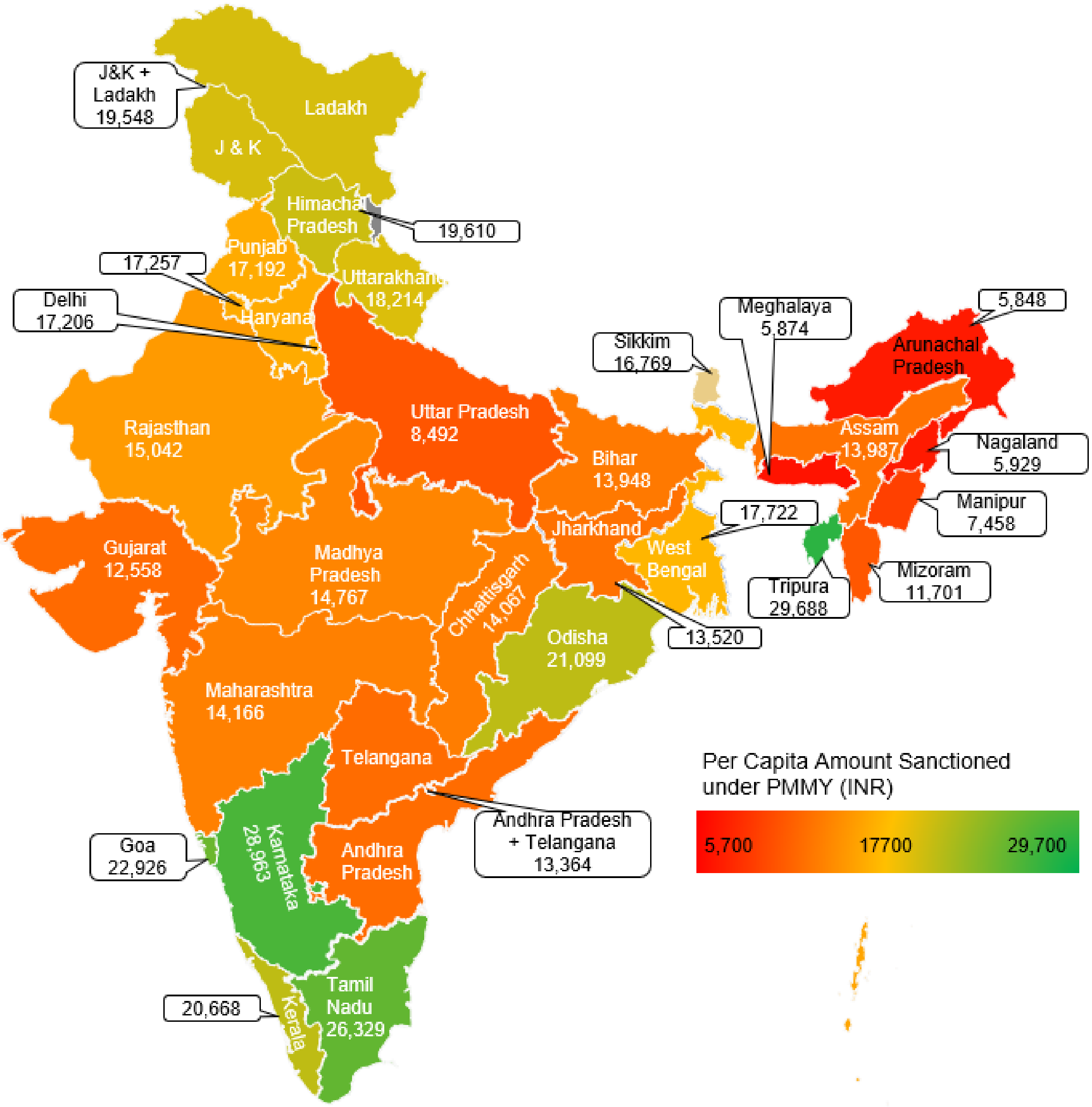
The overall performance of the top 10 states cumulatively since 2015, based on the number of accounts and the amount sanctioned is analysed in the section.

The figure below analyses the state-wise amount sanctioned under the scheme PMMY, cumulatively from 2015 to 2022. It can be observed that the Per Capita Amount Sanctioned for different states under PMMY ranges between INR 5,848 and INR 29,688 cumulatively.

Analysis also reveals that **Tripura, Karnataka and Tamil Nadu are the top 3 states** to have the highest per capita amount sanctioned under PMMY whereas **bottom 3 states** with the lowest per capita amount sanctioned under PMMY are **Arunachal Pradesh, Meghalaya, and Nagaland** respectively

[33] Annual Report, Mudra, 2020-21
[34] Regional classification available from 2016-17 Annual reports

Figure 29: State-wise Per Capita Amount Sanctioned under PMMY (2015-2022)

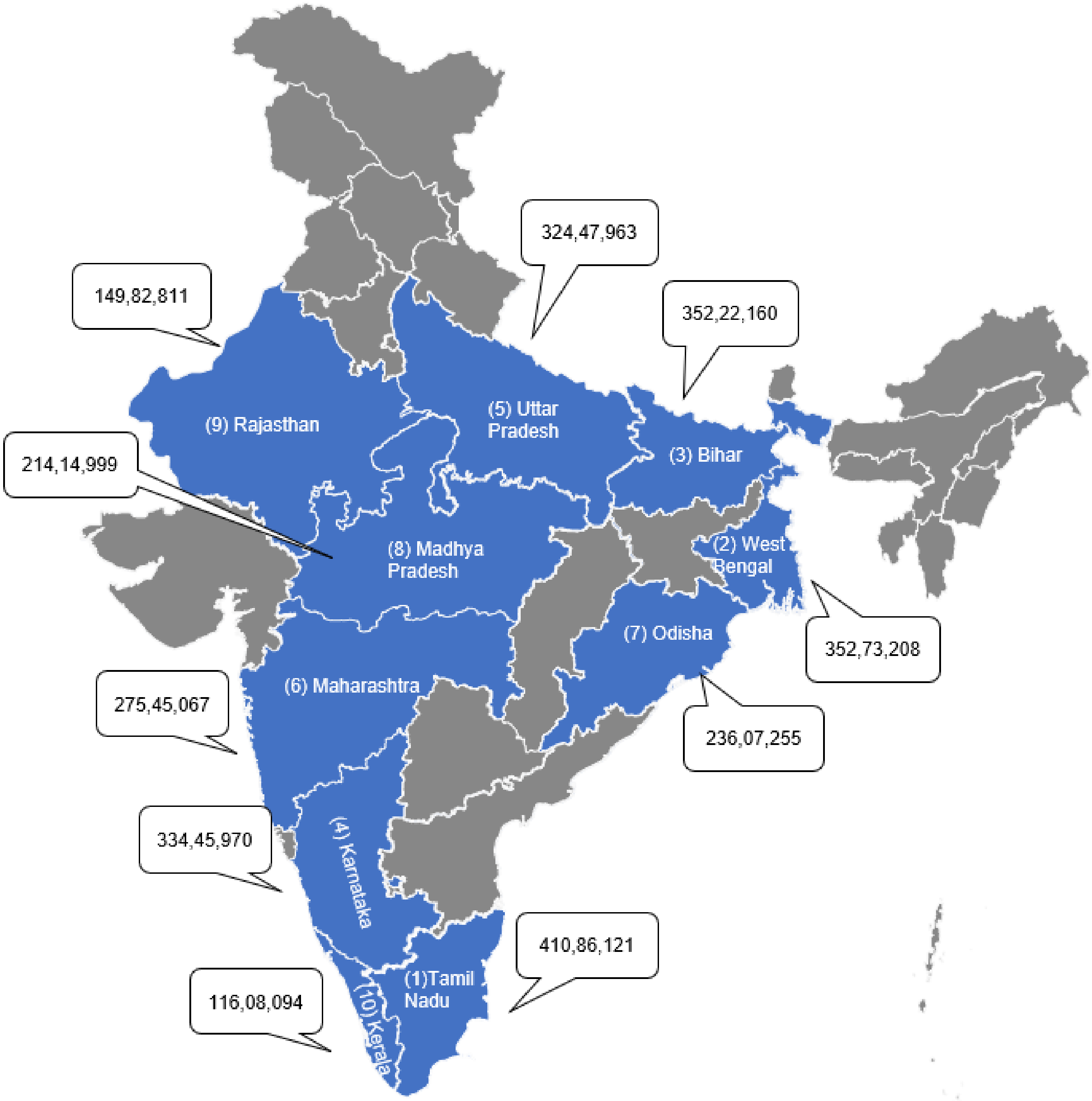


Source: MUDRA Ltd and Census 2011 data

In 2015-16, the share of top 10 states in the total number of accounts and sanctioned amount was 80.41 per cent and 72.53 per cent respectively

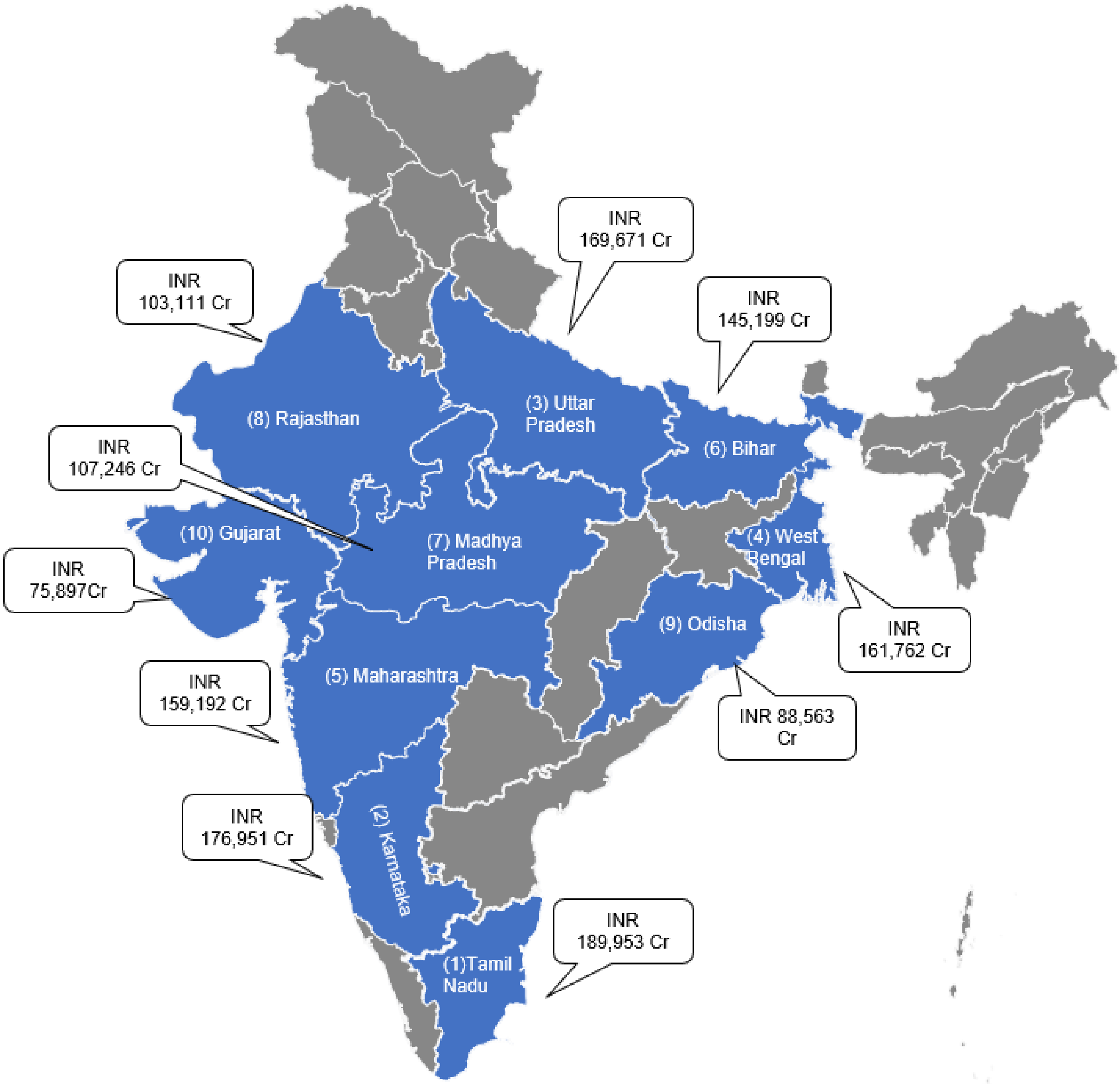
Cumulatively (2015-22), 79.18 per cent and 72.82 per cent of the total number of accounts and the sanctioned amount belong to the top 10 states

Figure 30 : Top 10 states (Number of Accounts) (2015-2022)



Source: MUDRA Ltd.

Figure 31: Top 10 states (Amount Sanctioned) (2015-2022)



Source: MUDRA Ltd.

For the period 2021-22, sanctioned amount per registered MSME data (as per UDYAM portal) has been analysed and it can be observed that an average of INR 658,697 was sanctioned per MSME. Now, since the average loan size in 2021-22 was INR 63,067, it implies that many non-registered MSMEs and individuals are availing MUDRA loans across states.

Tripura state has the highest amount sanctioned per MSME of INR 3,716,329 and while West Bengal had the highest amount sanctioned and amount sanctioned per MLI in FY 2022, it has the second highest amount sanctioned per MSME of INR 2,048,144, primarily because of high number of MSMEs in the state. Below is the list of top ten states for the FY 2022 based on the amount sanctioned per MSME and MLI:

Table 29: Top 10 States as per Sanctioned amount per MSME, 2021-2022

Sr.No.	State/ UT	Amt Sanctioned per MSME (in lakhs)	Number of MSMEs	Amt Sanctioned (in Cr.)
1	Tripura	37.1	6,718	2,497
2	West Bengal	20.4	170,365	34,893
3	Odisha	15.9	105,959	16,900
4	Bihar	14.5	221,205	32,097
5	Jharkhand	10.6	83,099	8,817
6	Union Territory of Ladakh	10.1	2,304	234
7	Kerala	9.9	117,905	11,698
8	Pondicherry	9.7	8,231	801
9	Meghalaya	9.5	2,228	212
10	Sikkim	9.1	1,771	163
	Total		**719,785**	**108,312**

Source: Ministry of MSME and MUDRA Ltd.

Table 30: Top 10 states as per Amount Sanctioned per MLI, 2021-2022

Sr.No.	State/ UT	Amt Sanctioned per MLI (in Cr.)	Number of MLIs	Amt Sanctioned (in Cr.)
1	West Bengal	49.1	710	34,893
2	Andhra Pradesh	38.8	305	11,830
3	Karnataka	30.7	935	28,695
4	Kerala	29.6	395	11,698
5	Tamil Nadu	27.1	1197	32,478
6	Bihar	25.1	1279	32,097
7	Maharashtra	24.9	1034	25,798
8	Union Territory of Jammu and Kashmir	24.8	233	5,788
9	Odisha	18.1	710	34,893
10	Rajasthan	18.0	305	11,830
	Total		**8,078**	**183,277**

Source: MUDRA Ltd.

3.3.7 District and Aspiration District wise Performance

Regional patterns district wise

This section explores the credit supply in the form of amount sanctioned to various regions and districts in the country under PMMY for FY 2022. Top 10 districts based on amount sanctioned in 2022 are **Bangalore Urban, Belgaum, Pune, Jaipur, Chennai, Howrah, Murshidabad, Nadia, North 24 Parganas, and South 24 Parganas.** These 10 districts form around 8.9 per cent share in the total sanctions during FY 2022 whereas it was only 0.66 per cent in FY 2017. The amount sanctioned to the top 10 districts (amounting to INR 26669.74 crore) is approximately equal to the amount sanctioned the lowest 318 districts (amounting to INR 26525.15 crore). These districts are mapped in the figure[35] below, where the districts marked in red were ranked lowest and the districts marked green were the top 10 to have the highest sanctioned amount under PMMY. The districts are chosen basis such that the sanctioned amount for both the lowest (318 districts) and highest (10 districts) is roughly equal (Refer to Annexure for detailed list of districts plotted) indicating a picture of an unequal distribution of credit across districts in the country.

Table 31: Top 10 districts as per Sanctioned amount, 2021-2022

Sr. No.	District	State	Amt Sanctioned (in Cr.)	Number of MLIs	Amt Sanctioned per MLI (in Cr.)	Number of MSMEs	Amt Sanctioned per MSME (in lakhs)
1	Murshidabad	West Bengal	3,727	35	106	8,989	41.5
2	North 24 Parganas	West Bengal	3,363	39	86	21,931	15.3
3	Bangalore Urban	Karnataka	3,230	35	92	89,773	3.6
4	Howrah	West Bengal	2,464	36	68	11,537	21.4
5	Pune	Maharashtra	2,437	41	59	144,427	1.7
6	Nadia	West Bengal	2,404	37	65	7,217	33.3
7	Belgaum	Karnataka	2,359	34	69	22,157	10.7
8	Chennai	Tamil Nadu	2,339	38	62	68,180	3.4
9	South 24 Parganas	West Bengal	2,195	34	65	13,324	16.5
10	Jaipur	Rajasthan	2,148	46	47	85,354	2.5
	Total (8.9 per cent of the total sanctioned amount)		**26,670**	**Avg no. of MLIs = 38**	**Avg amt sanctioned per MLI = 72**	**Avg no. of MSMEs = 47,289**	**Avg sanctioned per MSME =5.6**

Source: Ministry of MSME and MUDRA Ltd.

[35] The heat map used has districts as per census 2011 and hence some districts might not have been marked in the figure. Refer to Annexure for detailed list of districts plotted)

Table 32: Top 10 districts as per Amount Sanctioned per MSME, 2021-2022

Sr.No.	District	State	Number of MSMEs	Amt Sanctioned per MSME (in lakhs)
1	Bijapur	Chhattisgarh	177	147.3
2	Malerkotla	Punjab	380	109.6
3	Niwari	Madhya Pradesh	361	84.2
4	Sepahijala	Tripura	529	73.3
5	Alipurduar	West Bengal	1,729	51.5
6	Longleng	Nagaland	7	50
7	South tripura	Tripura	636	46.9
8	Khowai	Tripura	364	42.4
9	Dhalai	Tripura	404	42.3
10	Murshidabad	West Bengal	8,989	41.5
	Total		**Avg no. of MSMEs = 1,630**	**Avg sanctioned per MSME = 46.4**

Source: MUDRA Ltd

9 out of the top 10 districts as per amount sanctioned also have the highest amount sanctioned per MLI. Bijapur in Chhattisgarh have the highest amount sanctioned per MSME. The top 10 districts with high sanctioned amount per MSME have comparatively low number of MSMEs.

Table 33:Top 10 districts as per Amount Sanctioned per MLI, 2021-2022

Sr.No.	District	State	Number of MLIs	Amt Sanctioned per MLI (in Cr.)
1	Murshidabad	West Bengal	35	106
2	Bangalore Urban	Karnataka	35	92
3	North 24 Parganas	West Bengal	39	86
4	Belgaum	Karnataka	34	69
5	Howrah	West Bengal	36	68
6	South 24 Parganas	West Bengal	34	65
7	Nadia	West Bengal	37	65
8	Chennai	Tamil Nadu	38	62
9	Pune	Maharashtra	41	59
10	Nagpur	Maharashtra	36	56
	Total		**Avg no. of MLIs = 36**	**Avg amt sanctioned per MLI = 73**

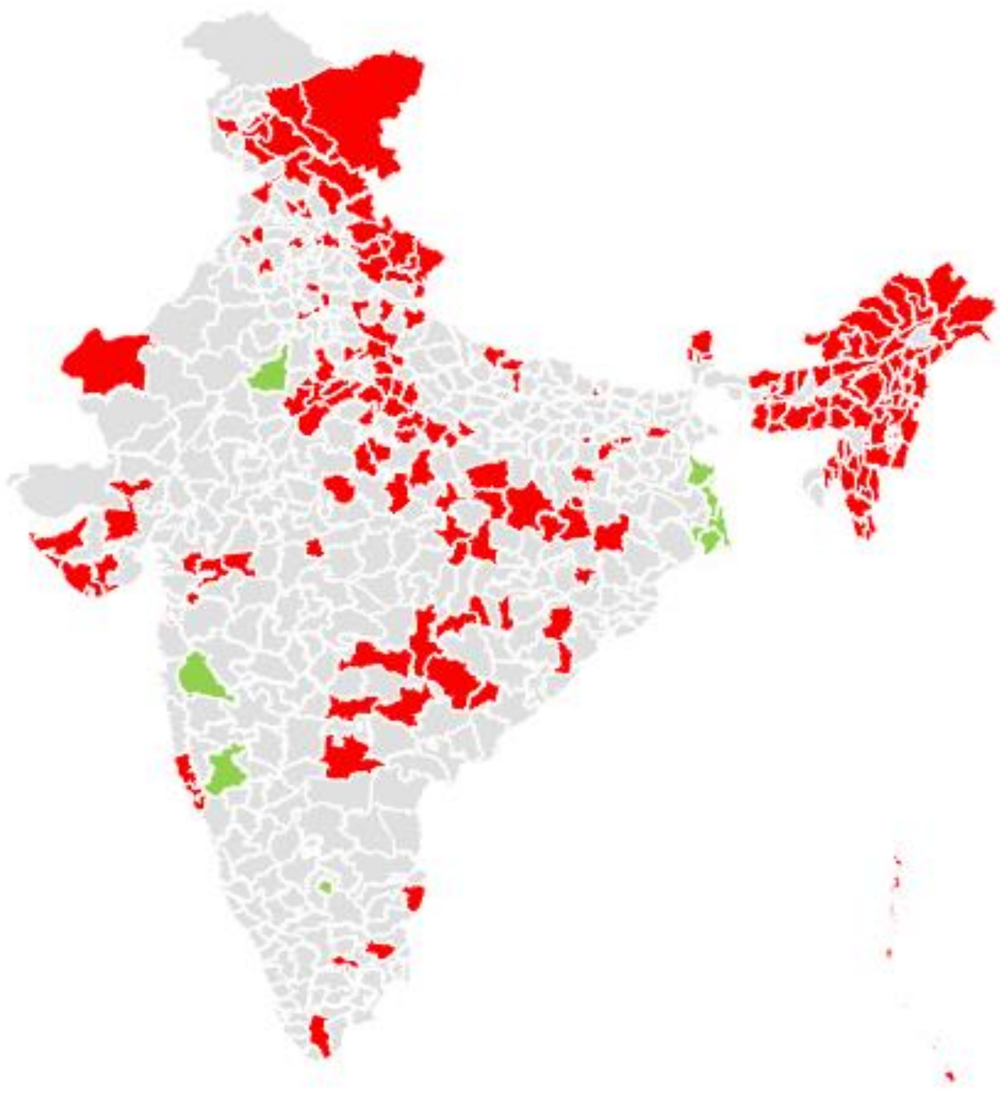
Source: MUDRA Ltd

Murshidabad has the highest amount sanctioned per MSME of INR 41.5 lakhs and also the highest amount sanctioned overall. It was also observed that the number of average MLIs per district was around 24, and while the top 10 districts had an average of 38 MLIs per districts, the bottom 318 MLIs only had around 16 MLIs per districts. Thus, it can be inferred that low number of MLIs in the bottom districts can be one of the reasons for limited sanction in these regions.

However, it is crucial to note that while the overall average amount sanctioned per MLI across districts is around INR 22 crore and for top 10 districts is around INR 72 crore; the bottom 318 districts have an average sanctioned amount of only INR 5 crore per MLI indicating a possibility of low demand of PMMY loans in these regions. These bottom 318 districts also have only an average of 1,744 MSMEs per district compared to an average of 6,575 number of MSMEs per districts overall and 47,289 MSMEs per top 10 districts.

Figure 32: Regional distribution of sanctioned amount, 2021-2022

Top 10 districts *having a total sanctioned amount of INR 26669.74 crore under PMMY in 2021-2022 is approximately same as the amount sanctioned for* ***bottom 318 districts*** *in the same year indicating an unequal distribution of credit sanction across districts in the country regionally through PMMY*



Source: MUDRA Ltd.

Performance of Aspirational Districts

Aspiration districts have been performing decently over the years. The YoY change per cent slowed down and witnessed a change of only 2.1 per cent for the amount sanctioned and a negative growth of 7.9 per cent for the number of accounts during the FY 2021 which was also the Covid year. However, the aspirational districts are quickly recovering from the impact of the pandemic as is evident by the increase in the number of loan accounts under PMMY or the amount sanctioned to these districts with a YoY change of 12 per cent and 14.7 per cent respectively.

Below is the list of top ten aspirational districts for the FY 2022 which is around 3.3 per cent of the total sanctioned amount under PMMY.

Table 34: Top 10 Aspirational districts as per Sanctioned amount, 2021-2022

Sr. No.	District	Amt Sanctioned (in Cr.)	Number of MLIs	Amt Sanctioned per MLI (in Cr.)	Number of MSMEs	Amt Sanctioned per MSME (in lakhs)
1	Muzaffarpur	1,638	44	37	14,441	11.3
2	Begusarai	1,391	41	34	7,260	19.1
3	Araria	1,320	34	39	5,277	25
4	Visakhapatnam	1,195	27	44	14,182	8.4
5	Aurangabad	1,058	30	21	3,549	29.8
6	Ranchi	1,022	35	29	14,254	7.1
7	Purnia	966	40	24	8,204	11.7
8	Sitamarhi	963	37	26	5,686	16.9
9	Giridih	847	34	25	5,374	15.7
10	Gaya	812	31	26	7,849	10.3
	Total	**11,212**	**Avg number of MLIs = 35**	**Avg amt sanctioned per MLI = 30**	**Avg no. of MSMEs = 8,608**	**Avg sanctioned per MSME = 13**

Source: MUDRA Ltd.

Among the aspirational districts, Visakhapatnam in Andhra Pradesh has the highest amount sanctioned per MLI whereas Bijapur in Chhattisgarh has the highest amount sanctioned per MSME.

Following is the list of top ten aspirational districts for the FY 2022 based on the amount sanctioned per MSME and MLI:

Table 35:Top 10 aspirational districts as per Amount Sanctioned per MSME, 2021-2022

Sr.No.	District	State	Number of MSMEs	Amt Sanctioned per MSME (in lakhs)
1	Bijapur	Chhattisgarh	177	147.3
2	Dhalai	Tripura	404	42.3
3	Garhwa	Uttarakhand	1,278	37.9
4	Pakur	Jharkhand	1,259	32.9
5	Palamu	Jharkhand	2,213	29.9
6	Aurangabad	Bihar	3,549	29.8
7	Araria	Bihar	5,277	25.0
8	Sahebganj	Jharkhand	1,496	23.1
9	Dahod	Gujarat	2,478	22.9
10	Nuapada	Odisha	908	22.8
	Total		**Avg no. of MSMEs = 1,904**	**Avg sanctioned per MSME = 16**

Source: MUDRA Ltd

Table 36: Top 10 aspirational districts as per Amount Sanctioned per MLI, 2021-2022

Sr.No.	District	State	Number of MLIs	Amt Sanctioned per MLI (in Cr.)
1	Visakhapatnam	Andhra Pradesh	27	44
2	Baramulla	Union Territory of Jammu and Kashmir	11	41
3	Araria	Bihar	34	39
4	Muzaffarpur	Bihar	44	37
5	Cuddapah	Andhra Pradesh	18	35
6	Begusarai	Bihar	41	34
7	Kupwara	Union Territory of Jammu and Kashmir	9	34
8	Aurangabad	Maharashtra	33	32
9	Ranchi	Jharkhand	35	29
10	Sitamarhi	Bihar	37	26
	Total		**Avg no. of MLIs = 29**	**Avg amt sanctioned per MLI = 35**

Source: MUDRA Ltd

Aurangabad has the highest amount sanctioned per MSME of INR 29.8 lakhs among the top 10 districts based on the sanctioned amount. Hence, while Muzaffarpur has the highest sanctioned amount, the amount sanctioned per MSME is low compared to a few top districts because of high number of MSMEs. It was also observed that the number of average MLIs per aspirational district was around 25, and while the top 10 aspirational districts had an average of 35 MLIs per districts, the bottom 50 MLIs only had around 19 MLIs per districts. Thus, it can be inferred that low number of MLIs in the bottom districts can be one of the reasons for limited sanction in these regions. However, it is crucial to note that while the overall average amount sanctioned per MLI across aspirational districts is around INR 12 crore and for top 10 districts is around INR 30 crore; the bottom 50 aspirational districts have an average sanctioned amount of only INR 5 crore per MLI indicating a possibility of low demand of PMMY loans in these regions.

Further, a total of 50 out of 112 aspirational districts i.e. almost 44% of the total aspirational districts are among these bottom 318 districts. This indicates, the remaining 62 aspirational districts have more amount sanctioned under PMMY than amount sanctioned by bottom 268 non-aspirational districts meaning many aspirational districts are doing better. It can be also observed that the top 10 aspirational districts have an average sanctioned per MSME of INR 13 lakhs compared to top 10 districts that have an average sanctioned per MSME of INR 5.6 lakhs, implying there is more demand per MSME in these aspirational districts.

Table 37: Number of loan accounts and amount disbursed to Aspirational Districts

Amt in Cr.	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Number of loan accounts	4,257,452	4,881,529	5,967,643	6,777,162	6,245,070	6,997,424
Amount sanctioned	16,406	21,477	27,387	31,700	32,378	37,144

Source: MUDRA Ltd.

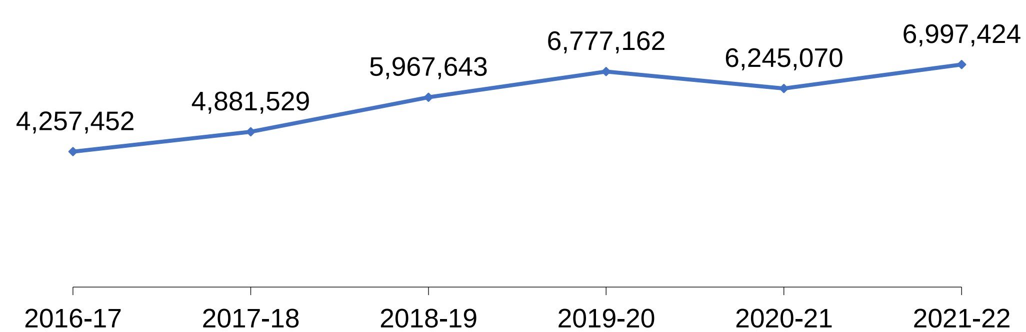
Table 38: YoY change per cent for Aspirational Districts

High	Medium	Low

YoY change per cent	2017-18	2018-19	2019-20	2020-21	2021-22
Number of loan accounts	15%	22%	14%	-8%	12%
Amount sanctioned	31%	27%	16%	2%	14%

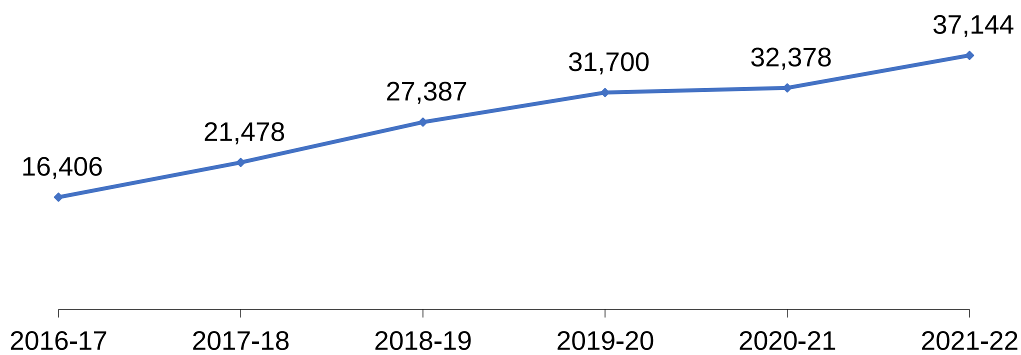
Source: MUDRA Ltd.

Figure 33: Number of loan accounts for aspirational districts over the years under PMMY



Source: MUDRA Ltd

Figure 34: Amount sanctioned for aspirational districts over the years under PMMY (in INR Crore)



Source: MUDRA Ltd.

3.3.7 Performance of Member Lending Institutions (MLIs)

This section aims to analyses the performance of member lending institutions for the Public sector banks, Private sector banks, Micro Finance Institutions (MFIs), Non-Banking Financial Corporations (NBFCs), and the Small Finance Banks for the FY 2021 as well as over the years since its launch in FY 2016.

An analysis of the MLIs based on average loan size over the years from FY 2016 to FY 2021 indicates there has been a gradual increase in the loan size over the year for almost all the banks. However, this is also attributed as a result of reduced number of loan accounts particularly for MFIs, NBFCs and SFBs whose number of accounts have observed a negative CAGR of 24.8 per cent, 33.2 per cent and 24.6 per cent respectively from 2018 to 2021, and hence not necessarily an indicator of only enhanced disposal of credit to the micro entrepreneurs.

The table below summarizes the average loan size, and it is evident that NBFCs and the public sector banks tend to lend higher value of credit compared to other MLI categories. However, as discussed earlier a low average loan size for banks could be because of higher number of loan accounts in the banks, as in the case of MFIs who tend to have had extremely large number of loan accounts but a low sanctioned value (until FY 2019) (see figures below)

__Table 39: Institution wise Average loan size__

Institutions	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Micro Finance Institutions	19,334	21,165	22,889	25,548	29,542	33,209	35,138
Non-Banking Finance Companies	NA	162,034	99,545	80,525	79,530	122,444	114,661
Private Sector Banks (incl. Foreign Banks)	66,639	44,257	47,381	48,226	43,984	46,720	47,935
Public Sector Banks (incl. Regional Rural Banks & State Co-operative Bank)	88,545	134,159	163,016	143,506	123,873	134,447	167,465
Small Finance Banks	NA	23,506	29,580	38,583	41,200	44,753	47,023
Total	**39,405**	**45,472**	**52,706**	**53,736**	**54,218**	**63,419**	**63,037**

Source: MUDRA Ltd.

The year-on-year analysis from the FY 2016 to FY 2022 reveals a cumulative aggregate growth rate of 16.44 per cent for the amount disbursed. From the table below, it can be observed that the most growth in the disbursed amount over the years occurred in NBFCs, Private Sector Banks and SFBs at CAGR of 28.00 per cent, 34.26 per cent and 34.11 per cent respectively.

Table 40: CAGR and Disbursed Amount by MLI type

High	Medium	Low

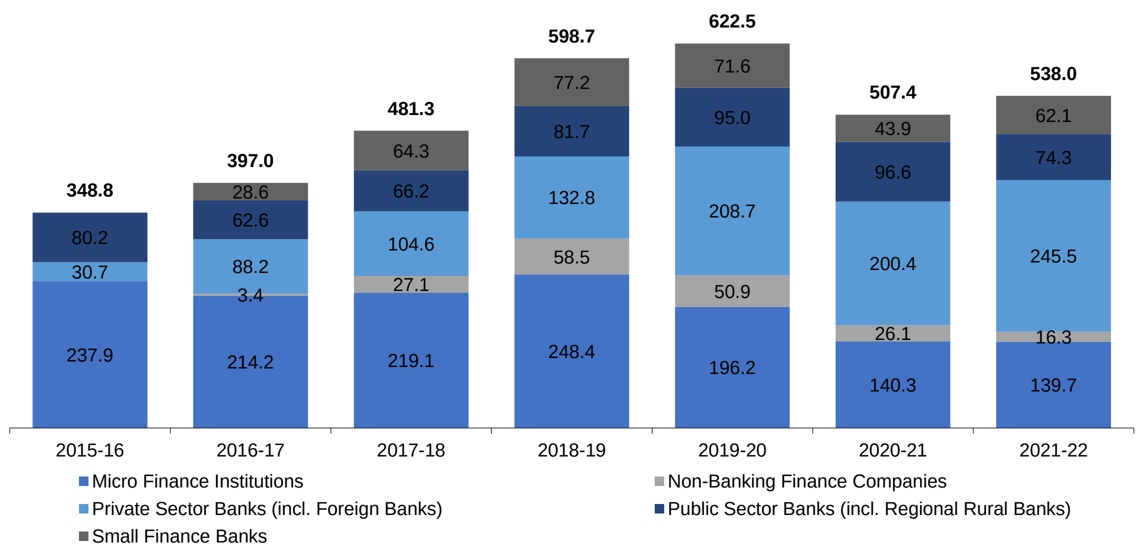
Institutions (Amt. in Cr.)	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	CAGR
Micro Finance Institutions	45,904	44,668	48,863	61,473	57,865	46,387	48,848	1%
Non-Banking Finance Companies	-	5,440	26,960	46,865	40,109	31,856	18,697	28%
Private Sector Banks (incl. Foreign Banks)	20,047	38,787	49,293	63,655	91,368	93,086	117,406	34%
Public Sector Banks (incl. Regional Rural Banks and State Co-operative Bank)	67,003	79,687	102,322	110,055	110,933	120,862	117,261	10%
Small Finance Banks	-	6,729	18,999	29,763	29,440	19,563	29,190	34%
Total	132,955	175,312	246,437	311,811	329,715	311,754	331,402	16%

Source: MUDRA Ltd.

Only the Public and Private sectors have been showing an upward movement as far as the disbursed or sanctioned amount is concerned with Private Banks sanctioning a sum of INR 91,780 crore during FY 2020, registering 43 per cent growth over the previous years[36], whereas for the other three sub-categories of MLIs i.e., the MFIs, NBFCs, and Small Finance Banks, the scheme has not been performing too well as can be seen through a downward movement post FY 2019. This was primarily on account of merger of SKS Microfinance (Bharat Finance Ltd.) with IndusInd Bank, who topped the list with sanction of INR 38,199.43 crore grabbing over 41% of the aggregate sanctions by Private Sector Banks. Thus, the Merger of SKS Microfinance with IndusInd Bank resulted in lower performance of MFI category during FY 2020, registering a decline by 9% to the previous FY. MFIs sanctioned a total Loan amount of INR 57,967 crore to 1.96 crore Borrowers[37]. Also, for the FY 2021, it was difficult for the MFIs to continue their operations under the microfinance model due to the pandemic, hence, MUDRA focused on private Banks and Regional Rural Banks (RRBs) to reach out to the target segments, thereby increasing the total sanctions to commercial banks and RRBs[38].

Number of accounts wise, MFIs have been the top performing until the FY 2019. Post covid, there has been a drastic fall in the number of accounts for them, while only the private sector banks have come out exceedingly well in these tough times. However, the FY 2021 has been hard for almost all the MLIs in terms of the performance as per the number of loan accounts as most of them appear to have had a stagnant growth in the past year.

Figure 35: Institution wise Performance (Number of Accounts) (in lakh)



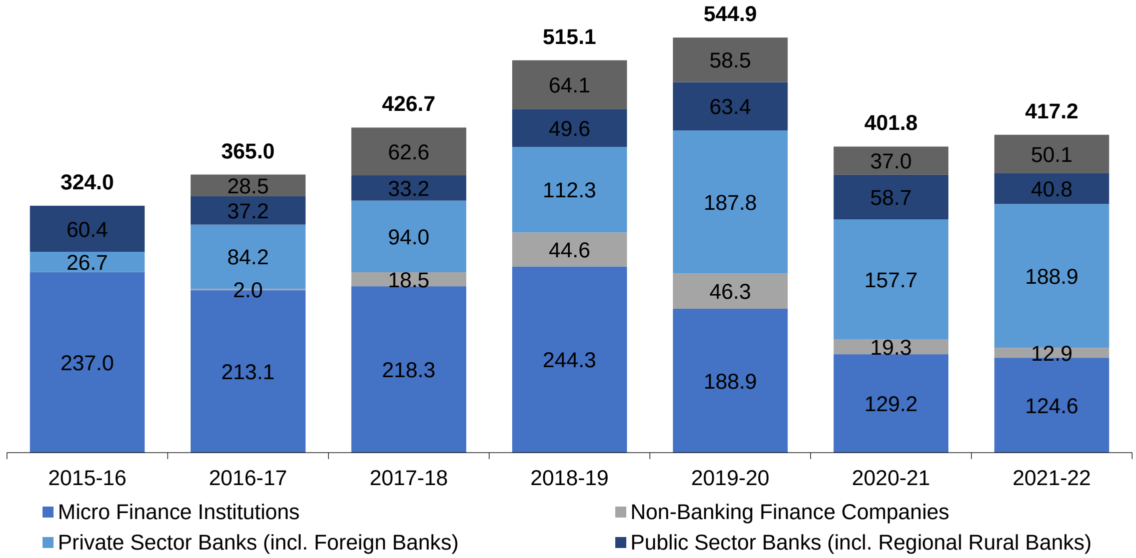
Source: MUDRA Ltd.

For the Shishu accounts, we can observe that the MFIs have been ahead of all the MLIs for having the most number of Shishu accounts throughout till FY 2020. The Merger of SKS Microfinance with IndusInd Bank resulted in lower performance of MFI category during FY 2020 and during the

[36] Annual Report, Mudra, 2019-2020
[37] Annual Report, Mudra, 2019-2020
[38] Annual Report, Mudra, 2020-2021

same time, private sector banks got the lead and are currently the MLI with the most number of Shishu accounts. Further, the NBFCs though being a small contributor, are growing at a CAGR of 45.84 per cent since 2016. However, contrary to this, the MFIs have a negative CAGR of 10.16 per cent whereas the Public Sector Banks have a negative CAGR of 6.34 per cent.

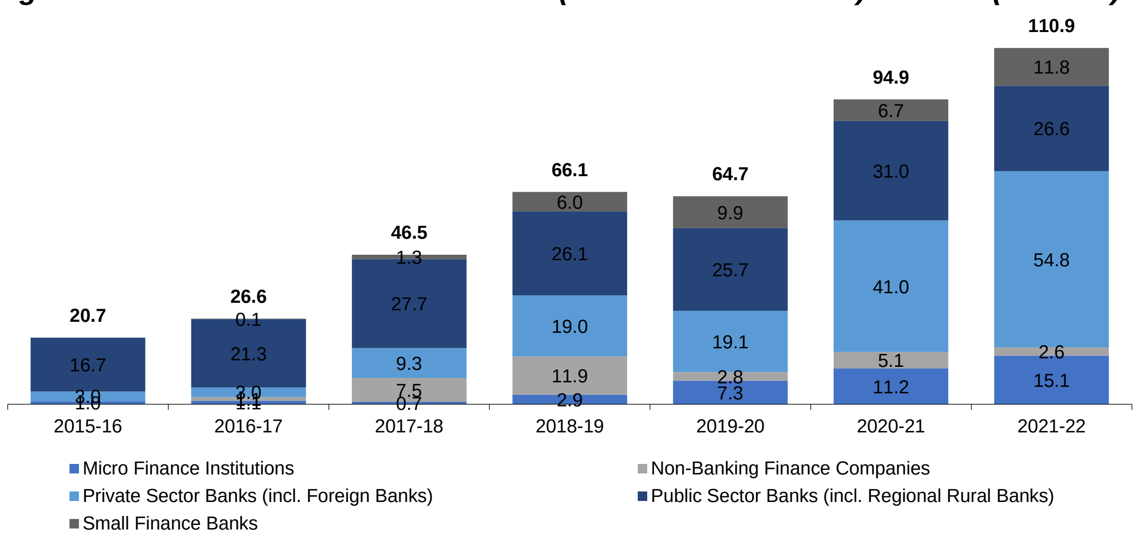
Figure 36: Institution wise Performance (Number of Accounts) Shishu (in lakhs)



Source: MUDRA Ltd.

Overall, the Kishore category accounts have had the highest CAGR of 32.28 per cent compared to Shishu and Tarun at CAGR of 4.30 per cent and 15.73 per cent respectively. Among the MLIs, the Public Sector Banks have had the highest number of accounts in the Kishore category until FY 2020, however they have had the lowest CAGR of 8.01 per cent compared to the other Banks. Post 2020, Private sector banks have become the front runner under the Kishore category.

Figure 37: Institution wise Performance (Number of Accounts) Kishore (in lakhs)

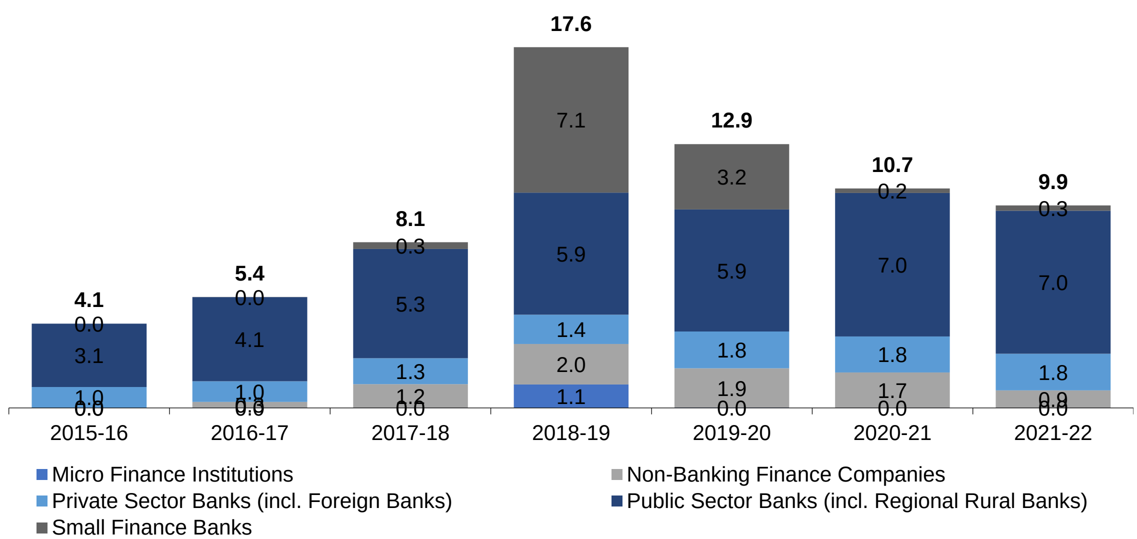


Source: MUDRA Ltd.

From the figure below, one can observe that the Public Sector Banks have been steadily performing well in the Tarun category (with a CAGR of 14.57 per cent). Compared to the Public Sector Banks (that has a 65.4 per cent of the total accounts under the Tarun category in FY 2021), the other MLIs have had a low share of the total Tarun accounts over the years.

Further, one can also observe an outlier for the Small Finance Bank in the Tarun category. According to the data on performance of MLIs under PMMY, the changes in the number of accounts for the Small Finance Banks is due to sudden rise and fall in the number of accounts for the SFB – Fincare (who was a major shareholder of accounts under the Small Finance Banks during FY2019 and FY2020), with number of accounts being at 922; 680,371; 289,978; and zero in FY2018, FY2019, FY2020, and FY2021 respectively.

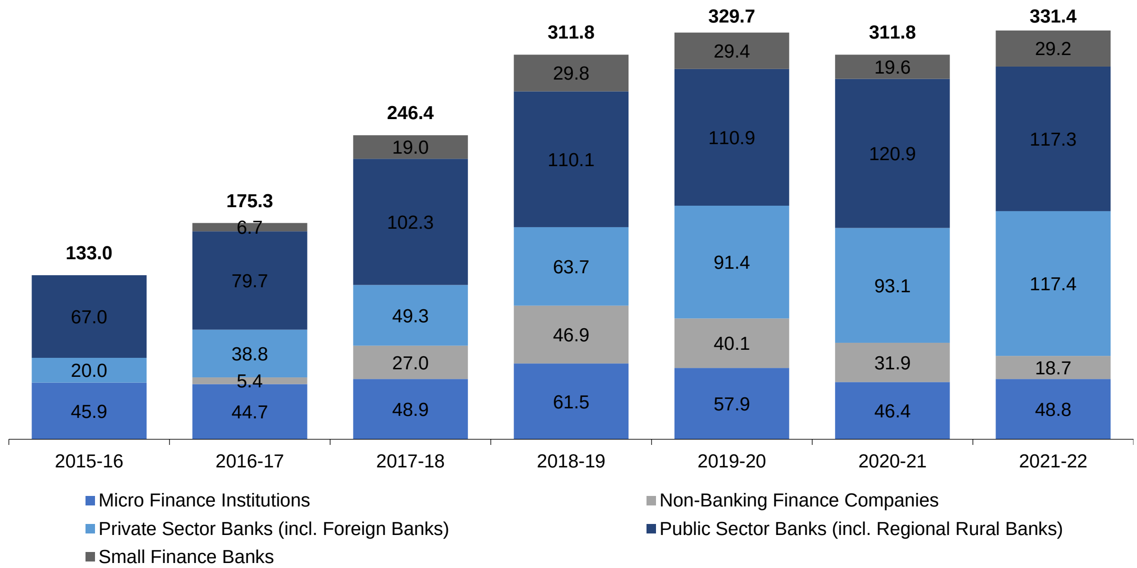
Figure 38: Institution wise Performance (Number of Accounts) Tarun (in lakhs)



Source: MUDRA Ltd.

Amount disbursed wise, both the Private and Public sector banks are among the top performers under Mudra. The performance of MFIs have also remained at par with the Private sector banks in terms of the amount disbursed until 2019. Post the Covid, the amount disbursed has significantly declined for MFIs, SFBs, and NBFCs.

Figure 39: Institution wise Performance (Amount Disbursed) (in INR thousand Crores)

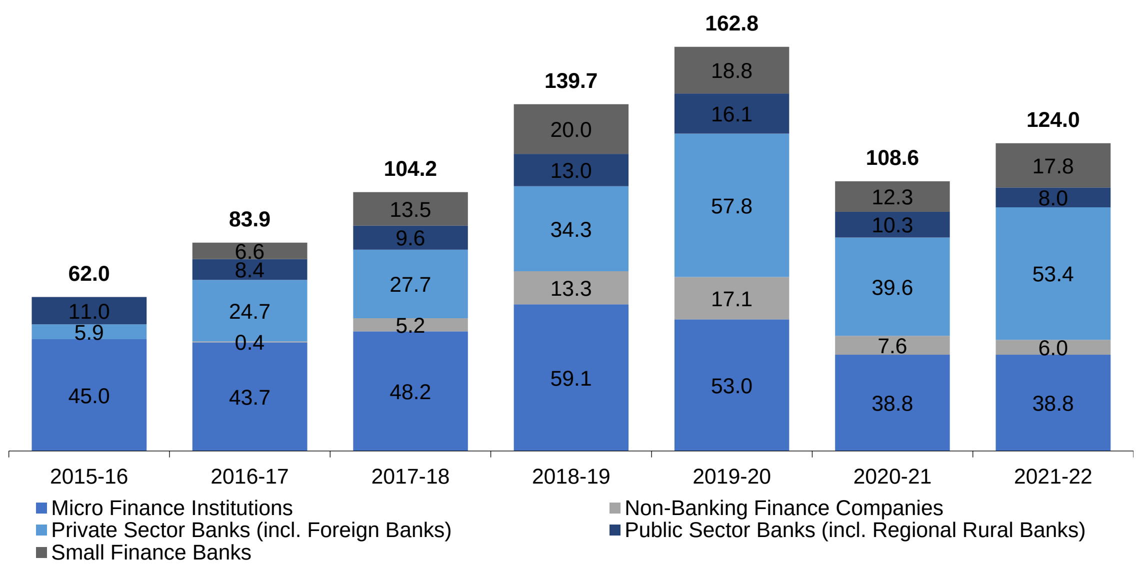


Source: MUDRA Ltd.

Among all the three categories, the Shishu accounts are the one to have the lowest CAGR of 12.23 per cent for the amount disbursed value, compared to Kishore and Tarun at 21.69 per cent and 16.35 per cent respectively.

From the figure below, one can observe that the Private Sector Banks and MFIs are at the top of the list in terms of contribution to the amount disbursed for the Shishu category borrowers. However, post Covid trends show an overall downfall for all MLIs for the amount disbursed under the Shishu category.

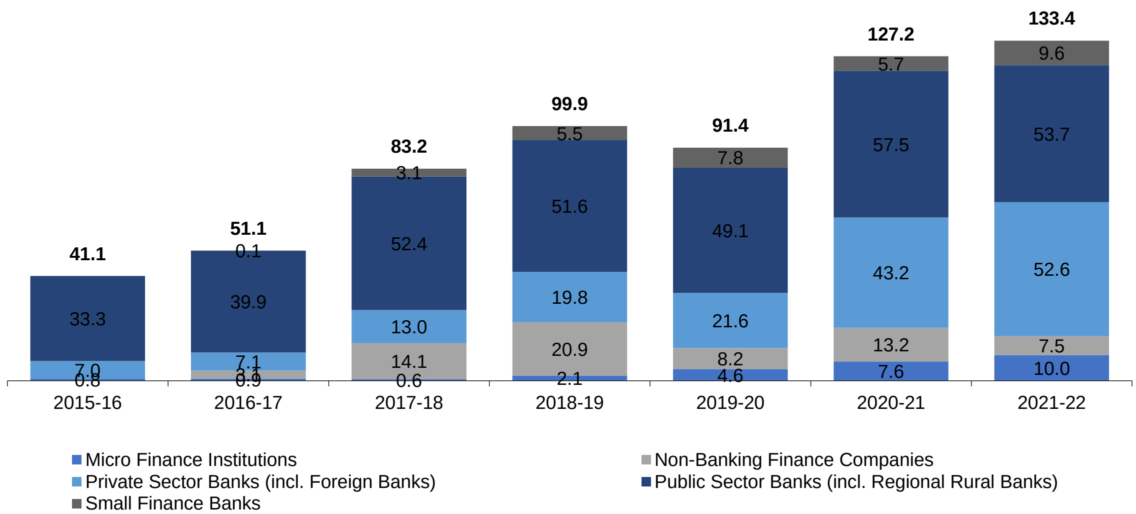
Figure 40: Institution wise Performance (Amount Disbursed) Shishu (in INR thousand Crores)



Source: MUDRA Ltd.

Further, it can be observed from the figure below that the Public Sector Banks are among the major contributors under the Kishore category, amount disbursed wise. However, the Private sector Banks are growing at a much faster pace with a CAGR of 39.95 per cent, compared to the CAGR of Public Sector Banks which is growing at a CAGR of only 8.29 per cent. Also, post Covid, in FY 2021, almost all the MLIs have bounced back by registering a positive growth rate. The only exception to the trend are SFBs, who registered a negative growth of 26.8 per cent under the Kishore category for FY 2021.

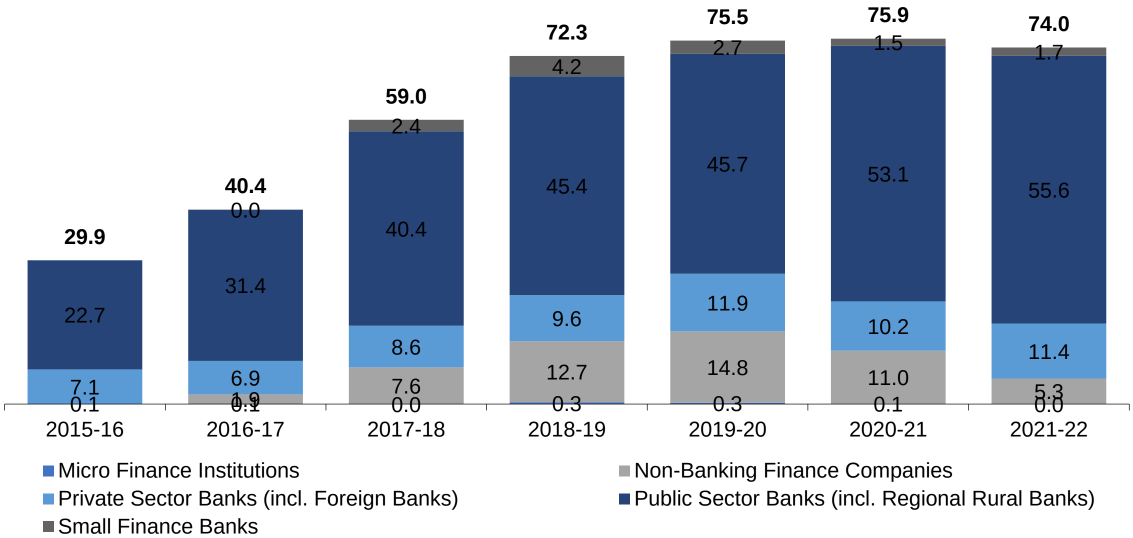
Figure 41: Institution wise Performance (Amount Disbursed) Kishore (in INR thousand Crores)



Source: MUDRA Ltd.

In the Tarun category also, Public Sector banks are among the front runners of the scheme, amount disbursed wise (they are also the only MLI to have a positive growth rate of 16.2 per cent post Covid). The second and third position is shared among the NBFCs and the Private Sector Banks. Also, as MFIs and Small Finance Banks do not lend much in the Tarun category due to their small scale of operation, they have a comparatively low contribution (combined share of 3.15 per cent in the total disbursed value under loan size value of more than INR 5 lakhs) to the Tarun category, compared to the other MLIs.

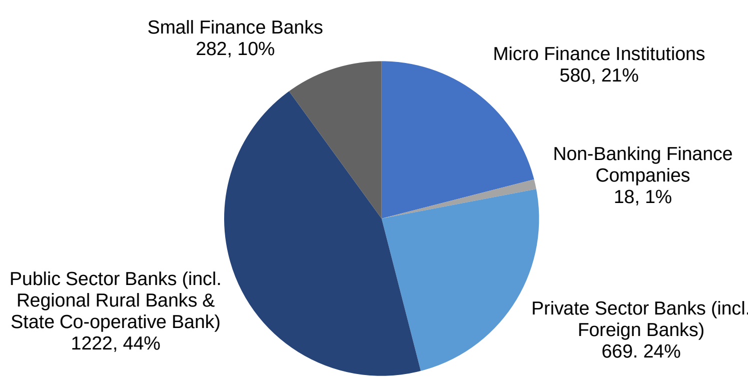
Figure 42: Institution wise Performance (Amount Disbursed) Tarun (in INR thousand Crores)



Source: MUDRA Ltd.

Further, Public sector banks constitute 44% of the total MLIs in aspirational districts, followed by Private sector banks at 24%.

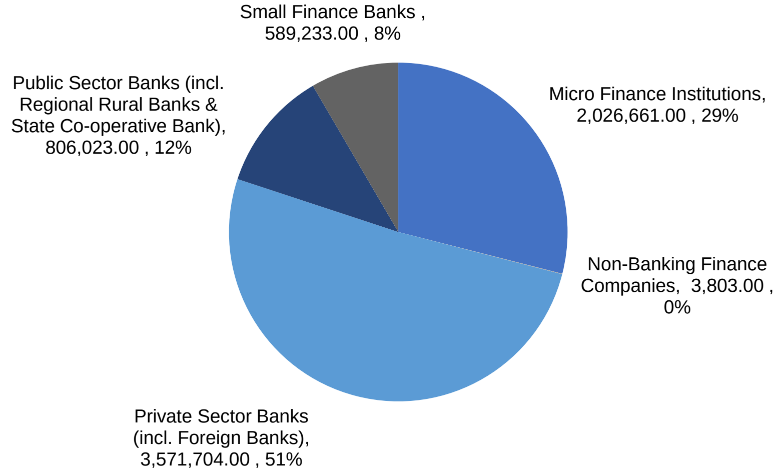
Figure 43:Number of MLIs giving PMMY loans in aspirational districts, 2021-22



Source: MUDRA

However, only 12% of total PMMY accounts in aspirational districts belong to the Public sector banks, whereas Private sector banks have the most accounts (51%) in aspirational districts.

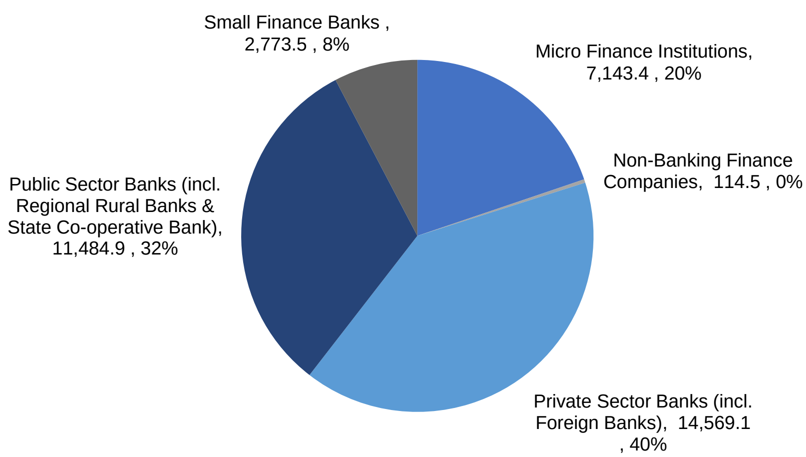
Figure 44: MLI-wise number of accounts in aspirational districts, 2021-22



Source: MUDRA

Also, out of all the MLIs in aspirational districts, Public sector banks disburse around 32% of total amount disbursed, implying they mostly provide high value loans in either the Kishore or Tarun category. MFIs have ~30% of total number accounts and disburse ~20% of total amount disbursed in aspirational districts.

Figure 45: MLI-wise amount disbursed in aspirational districts (in INR Crore, 2021-22)



Source: MUDRA

3.3.7 Loan Size Analysis

This section aims at analysing the average loan size credited to micro entrepreneurs and the trend post the launch of the scheme.

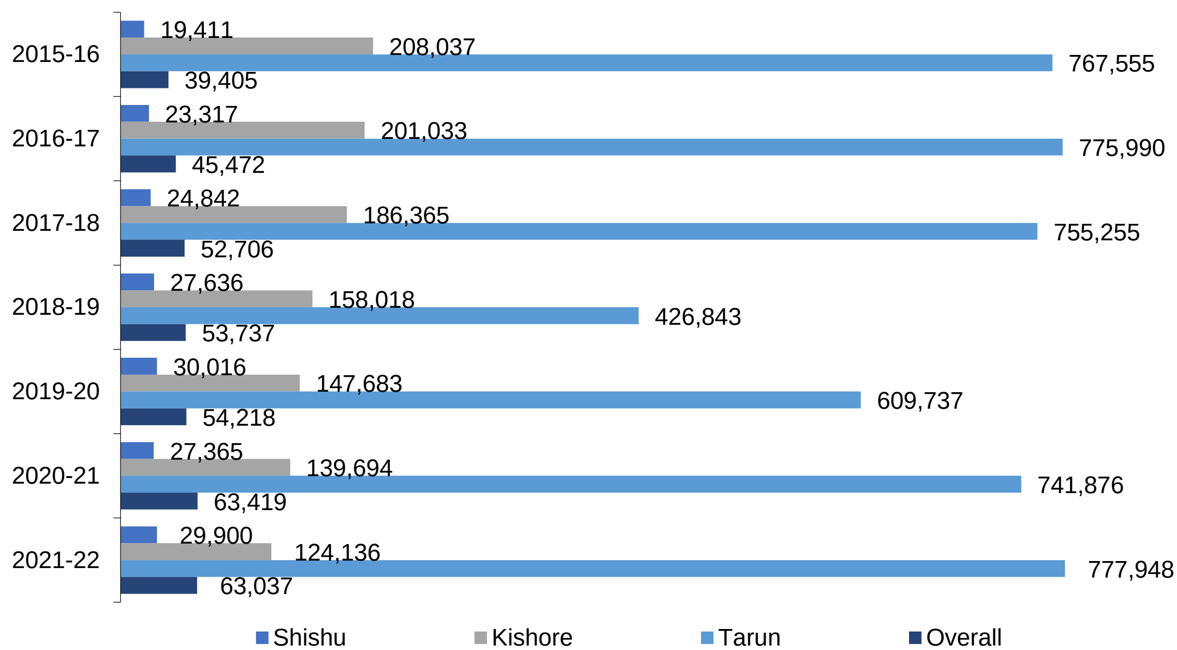
Over the years i.e., 2015 onwards, the average loan size for Shishu accounts showed a positive trend of increase in size (CAGR of 7.47 per cent), however, for the years 2020-21 it started to decline and has observed a YoY decrease of around 8.8 per cent, possibly due to covid.

Further, the average loan size under the Kishore category is declining year after year from FY 2016 and is at INR 124,136 in FY 2022 witnessing a fall of around 40 per cent from INR 208,037 in FY 2016.

From the figure and table below, one can observe for the Tarun category, that even though the range of credit varies from INR five lakh to INR 10 lakh, but the data shows that the average loan size during 2018-19 was INR 426,843.29. Overall, Tarun category has had a stagnant growth since 2015 and close to no shift in the average loan size over the years.

Overall, the average loan size value has increased by a CAGR of around 8.15 per cent from FY 2016 to FY 2022 with the current average loan size standing at INR 63,037. Going by the shift, it might look as if there is a growth in the credit disbursed, however, the primary reason for a YoY increase of around 17 per cent in the average loan size in FY 2021 is not due to the increase in sanctioned amount (rather there was a YoY fall of around five per cent in the total sanctioned amount from INR 337,495.52 in FY 2020 to INR 321,759.25 in FY 2021) but a fall in the total number of loan accounts from 62,247,606 in FY 2020 to 50,735,046 in FY 2021 i.e., a negative YoY change of 18 per cent.

Figure 46: Average loan amount under PMMY category wise (in INR)



Source: MUDRA Ltd.

Table 41: Average Loan Size category-wise under PMMY

Year	Shishu	Kishore	Tarun	Total Average loan size (Amt. in Cr.)
2015-16	19,411	208,037	767,555	39,405
2016-17	23,317	201,033	775,990	45,472
2017-18	24,842	186,365	755,255	52,706
2018-19	27,636	158,018	426,843	53,737
2019-20	30,016	147,683	609,737	54,218
2020-21	27,365	139,694	741,876	63,419
2021-22	29,900	124,136	777,948	63,037

Source: MUDRA Ltd.

3.3.7 Non-Performing Assets

This section analyses the non-performing assets under the Mudra scheme from FY 2017 to FY 2022 across figures of total NPA accounts, NPA amount in absolute values as well a per cent against total number of accounts and disbursement for Shishu, Kishore, and Tarun category.

The absolute values indicates that the number of NPA accounts and the amount have been increasing year after year with a CAGR of 22.51 per cent and 36.61 per cent respectively from FY 2017. However, as a percent against the number of account and disbursement, the NPA increase was not much significant, but the pandemic has surely affected the repayments leading to a rising NPA per cent against the number of account and disbursement from the last two years. NPA per cent against total disbursement has remained between 2.51% to 3.61% which is low compared to the overall MSME NPA of 12.8% and Micro enterprises NPA of 12% as on March 2022. [39]

[39] SIDBI MSME Pulse August 2022

Table 42: Non-Performing Assets (NPA) over the years

Amt (in Cr.)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	CAGR
Total No. of NPA A/c	2,394,509	1,799,028	3,696,019	3,823,311	5,413,216	6,608,103	**23%**
Total NPA Amt.	8502	9770	17713	26078	34090	40456	**37%**

Source: MUDRA Ltd.

Table 43: Non-Performing Assets (NPA) per cent over the years

Per cent	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
% of NPA A/c (against total A/c)	3.56	2.71	3.14	2.06	4.15	3.58
% of NPA Amt. (against total disbursement)	2.89	2.51	2.51	2.53	3.61	3.17

Source: MUDRA Ltd.

Figure 47: Total Number of NPA Accounts

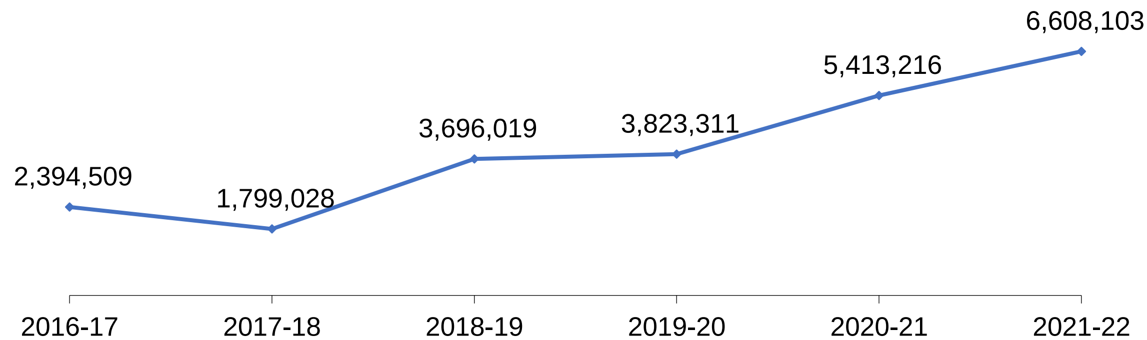
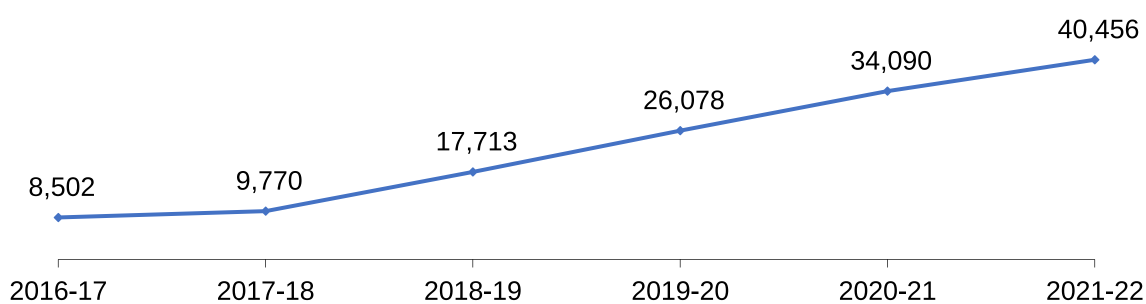


Figure 48: Total NPA Amount (in INR Crore)

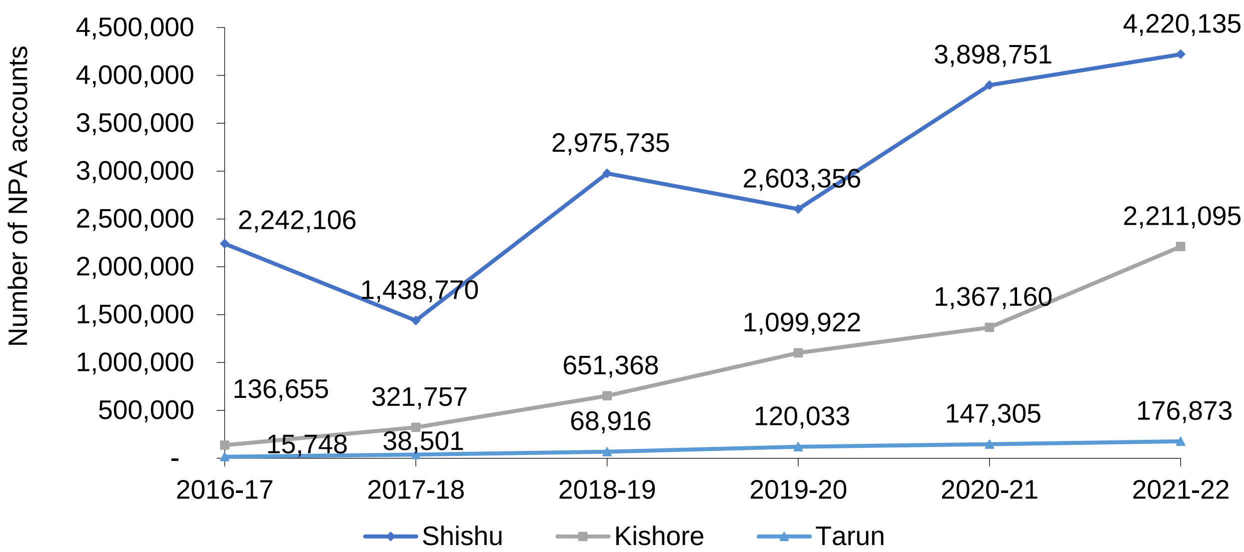


Source: MUDRA Ltd.

A deeper analysis also reveals that the number of NPA accounts for the Shishu category have always been more than that of the Kishore and Tarun category. For FY 2022, one can also observe the gap between the three categories with NPA accounts for Shishu being the highest at 42,20,135 followed by Kishore and Tarun category at 22,11,095 and 1,76,873 respectively (see figure below).

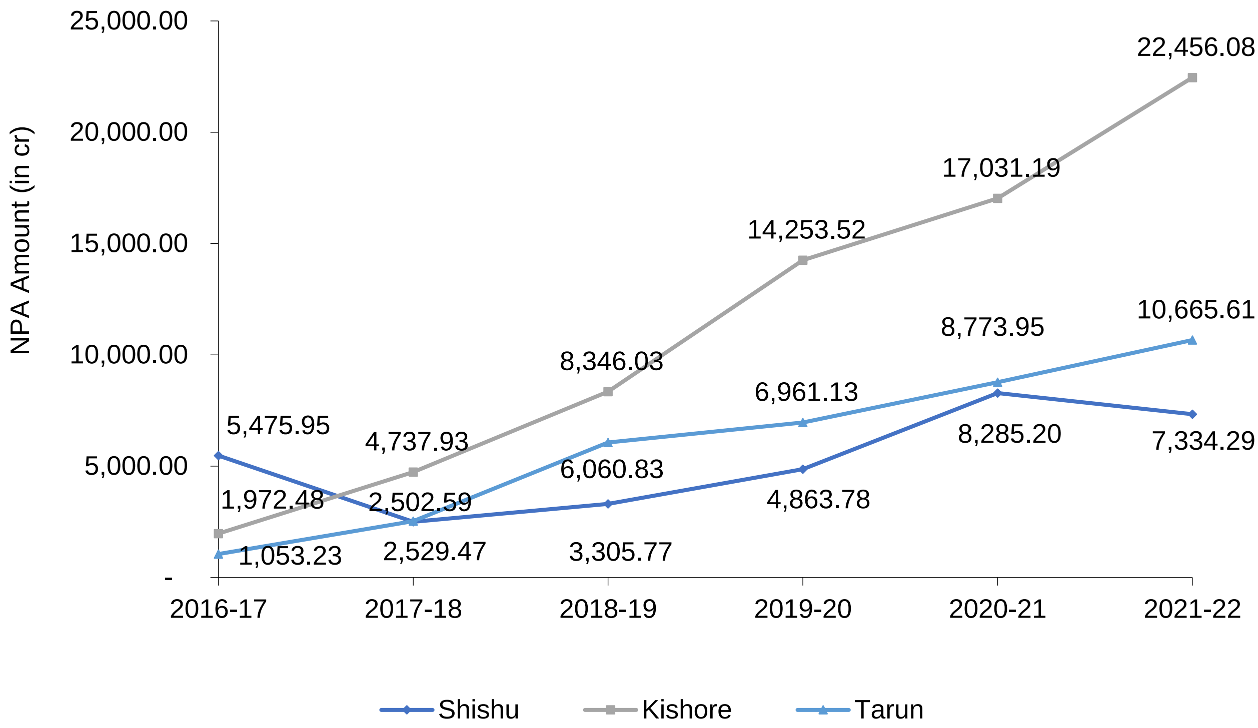
Amount wise, the Kishore account holders, have been the highest contributor of NPA since FY 2018. On the contrary, the Shishu category accounts have the lowest NPA amount to their share, and they are the only category to observe a YoY fall of 11.5 per cent in the FY 2022, post pandemic. Although the NPA amount for Tarun (INR 8773.95 crore) was close to the Shishu category (INR 8258.2 crore) in FY 2021, a steep rise in the former has stimulated a gap of INR 3331.32 crore between the two in FY 2022.

Figure 49: Total Number of NPA Accounts category wise



Source: MUDRA Ltd.

Figure 50: Total NPA Amount category wise



Source: MUDRA Ltd.

NPA against amount disbursed

A further analysis of the NPA based against the number of accounts and disbursement reveals a comparative better performance of the Shishu category both for the non-performing accounts against number of accounts and the amount per cent against disbursement by reducing from 3.64 per cent in FY 2017 to 2.95 per cent in FY 2022 and 4.14 per cent in FY 2017 to 1.88 per cent in FY 2022 respectively. Contrary to this, the other two categories (Kishore and Tarun) have had a shot up of NPA per cent against the number of accounts and disbursement for both, the NPA accounts as well as the NPA amount over the years.

Table 44: Per cent of Non-Performing Assets (NPA) Accounts against total number of accounts

Category (in %)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Shishu	3.64	2.53	2.98	1.62	3.81	2.95
Kishore	2.89	4.03	4.53	5.34	5.84	6.23
Tarun	1.66	2.57	2.05	2.67	3.09	3

Source: MUDRA Ltd.

Table 45: Per cent of Non-Performing Assets (NPA) Amount against disbursement

Category (in %)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Shishu	4.14	1.93	1.27	1.12	2.89	1.88
Kishore	2.14	3.18	3.3	4.2	4.51	4.28
Tarun	1.5	2.27	3.18	2.74	3.14	2.96

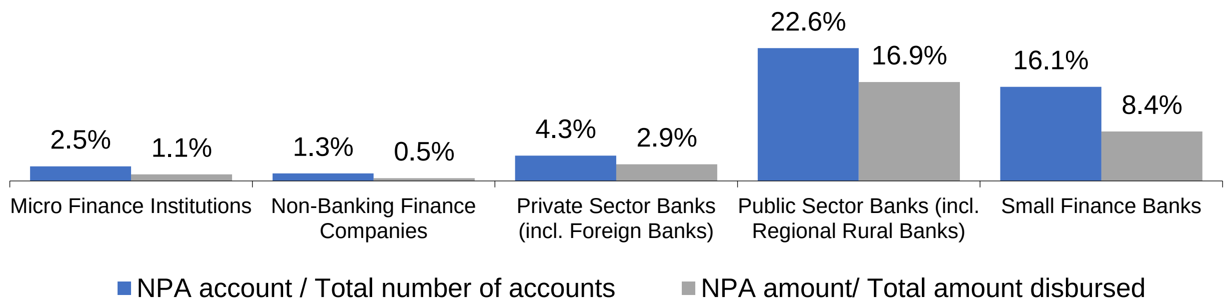
Source: MUDRA Ltd.

Member Lending Institution-wise NPA

Also, as most of the NPA has been reported for the Public sector banks by MLIs, a comparative analysis of NPA is done for all member lending institutions.

Analysis revealed that the Public sector banks have the highest NPA per cent of 23 per cent and 17 per cent against the number of account and disbursement respectively, followed by SFBs

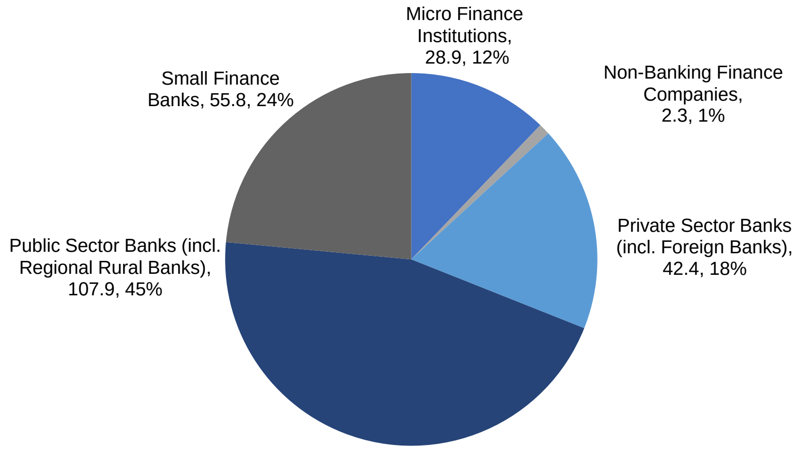
Figure 51: Non-Performing Assets (NPA) per cent, MLI-wise (2016-2022)



Source: MUDRA Ltd.

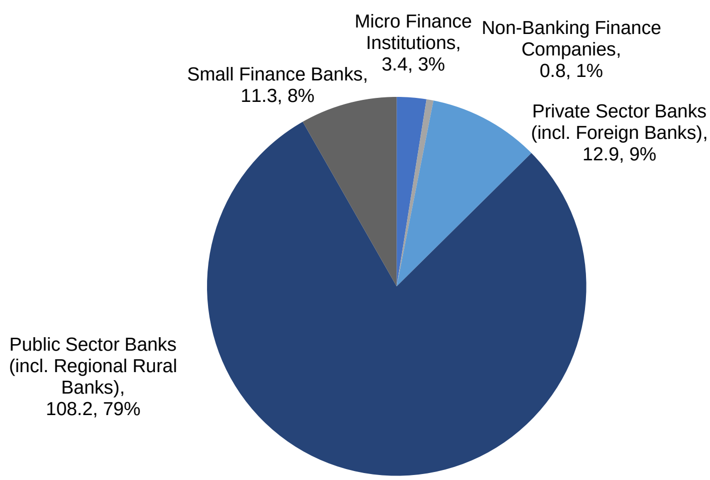
A cumulative analysis also revealed that 45 per cent and 79 per cent of the cumulative NPA accounts and NPA amount respectively belong to Public Sector Banks whereas NPA as a percent against the number of account and disbursement is low for MFIs, NBFCs and Private sector bank

Figure 52:Cumulative Number of NPA Accounts (in lakhs) (2016-2022)



Source: MUDRA Ltd.

Figure 53:Cumulative NPA Amount (in INR thousand crores) (2016-2022)



Source: MUDRA Ltd.

4. Primary Analysis and Stakeholder discussions

Based on the primary analysis with Member Lending Institutions on the performance of PMMY, this section presents the key findings and challenges with the scheme on different parameters in the table below:

Table 46: Key findings from MLI Discussions

Parameter	Public Sector Banks	Private Sector Banks	Non-Banking Financial Companies (NBFCs)	Micro Finance Institutions (MFIs)	Small Finance Banks (SFBs)
Scheme Design	• Ticket size value is restricted to INR 10 lakhs and may be increased • The 15 per cent pay out cap is not economical in CGFMU • Operational ease and more coverage in CGTMSE compared to CGFMU • Scope for increasing coverage under CGTMSE • Guarantee fee under CGFMU may be reduced as it indirectly increases the burden borne by the beneficiary of	• Ticket size may be increased to cover more requirements of funds by entrepreneurs, then the scheme will be able to cater a broader segment of beneficiaries • Lengthy claim settlement process under CGFMU. • Government may charge a nominal fee for claiming guarantee cover under CGFMU • 15% pay out cap under CGFMU is a reason for low signups for cover by many Private sector Banks.	• The guarantee cover is not economical • Refinancing under Mudra is difficult to avail because of 8 per cent cap on interest rate charge • The INR 10 lakh limit is suitable for micro loans under the scheme	• Lack of collateral increases the security risk for MFIs and develops fear of NPA in banks	• Highlighted need for change in coverage restriction ceiling of 15% as increased cap would encourage banks to provide more quantum of loans to the budding entrepreneurs • Scheme only beneficial for micro entrepreneurs because of cap on maximum ticket size of INR 10lakhs

Parameter	Public Sector Banks	Private Sector Banks	Non-Banking Financial Companies (NBFCs)	Micro Finance Institutions (MFIs)	Small Finance Banks (SFBs)
	the scheme in terms of increased cost of borrowing	• The refinancing rates are considered high by a few banks			
Implementation	• Bank appoints BCs (Banking Correspondents) to market information and handholding of the customer across different regions • Bank advertises about the scheme on the website and other media channels • Challenge in catering to the large pool of customers due to limited number of employees and staff • Need for awareness programs to build credit discipline among borrowers	• Branches of bank have asset officers which are responsible for marketing of different government schemes as customer understanding of pre sanction documents, and their availability are some of the key challenges • The branch people help these individuals to prepare documents when the borrower does not have access to facilitate the same • Lack of documentation hinders the	• Highlighted need for mass promotional campaigns as people do not approach the bank to avail mudra loans directly • Borrowers lack knowledge of basic documentation requirement • Connectivity may be enhanced to remote areas	• No separate team to cater to the requirements of the potential beneficiaries. Hence, they mostly lend to repeat borrowers • Most rejection of loan applicants happen at CIBIL check level and as a failure to submit the required documents. • Beneficiaries lack knowledge of basic documentation requirements	• Internal team of people and trainers look into facilitating and transmitting information to the potential customers about the scheme and documentation process • Only require KYC, Aadhar card (mandatory), PAN card/ Form 60 (hence, customers do not face any significant challenge in availing through the MUDRA scheme)

Parameter	Public Sector Banks	Private Sector Banks	Non-Banking Financial Companies (NBFCs)	Micro Finance Institutions (MFIs)	Small Finance Banks (SFBs)
		smooth implementation of the scheme			
Institutional Mechanism	• Lack of transparency and a lot of hassle in offline disbursement of loans	• Reported a lack of centralized database for collecting information about customers and enablement of bank account formalization	• Funding support from Government and other banks should be increased	• Difficulty in data capturing of borrowers	• Need for a digitized platform for quick addressal of queries on issues pertaining to guarantee covers or other operational/ technical guidelines
Monitoring and Evaluation	• High NPA across banks need proper monitoring • Targets for the bank are set by DFS based on previous year performances • Frequent migration of borrowers from one category to another is done through internal process of	• For the migration to higher categories, there is no documented cash flow available with the bank as largely these account holders have cash businesses • A proper mechanism for target setting is needed by DFS for all the MLIs under PMMY	• Fear of NPA in banks • Lack of clarity about the regulator and reporting authority – SIDBI or RBI • Highlighted need for adequate control mechanism to supervise as the control mechanism and	• Own targets based on historical data and current trend • Use of Aadhar card as a unique ID may be permitted for bureau to aid the underwriting process	• Operates on own internal targets • Need for a standardized process for monitoring performance of micro entrepreneurs as frequent migration of borrowers happens from one category to another

Parameter	Public Sector Banks	Private Sector Banks	Non-Banking Financial Companies (NBFCs)	Micro Finance Institutions (MFIs)	Small Finance Banks (SFBs)
	monitoring performances of businesses which is not uniform across • Lack of sufficient documents, a poor CIBIL/ credit score or low viability of the business project are primary reasons for rejection of loan application. This creates a need for standardized credit and background checks	• Operational challenges with the scheme and almost 90% unregistered MSMEs which have a lack of documentary evidence such as GST or PAN card makes it difficult for them to get categorized as MSME	ownership lies with the bank officials for encouraging people to apply for loans		

Summary of Primary analysis with MLIs

The findings, issues and challenges have been summarized below across four parameters (i) Scheme Design, (ii) Implementation, (iii) Institutional Mechanism and (iv) Monitoring and Evaluation:

Scheme Design

Responsiveness of Financial Institutions to PMMY

The overall take of the scheme has been positive across all types of MLIs be it the public sector banks, the private sector banks, NBFCs, MFIs, or the Small Finance Banks.

The scheme has helped banks build their loan book portfolios and the small entrepreneurs to get easy access to micro credit.

Many MLIs also reported that the scheme has in particular been very beneficial for the women of our country. They also mentioned that millions of common men that run small business but remained outside the net of formal institutional finance in spite of their large contribution to the economy, have been brought under the umbrella of banking sector through the PMMY.

The scheme has thus created inclusion by helping fund the unfunded and making the financing sector more organised for the micro entrepreneurs and small businesses.

Category of Borrowers

The mudra loans are extended for different purpose and activities (income generation and employment creation). Though the eligibility mentions various borrower categories such as private limited companies, public company, partnership firms among others; the banks tend to have more accounts in the name of individuals and sole proprietors.

Bank officials also stated that the scheme attracts first-time entrepreneurs, as well as there are repeat customers. They also observed that majority of these entrepreneurs take loans under the service sectors in PMMY.

Cap on guarantee cover under CGFMU

The maximum pay out cap in CGFMU is 15 per cent of the crystallized portfolio[40]. Additionally, the **first loss to the extent of 5% of the crystallized portfolio of the MLI is borne by the MLI for Micro loans sanctioned up to March 31, 2020 and therefore excluded for the claim. For Micro Loans sanctioned during FY 2020-21, the first loss to the extent of 3% of the amount in default is excluded for claim and is to be borne by the MLI[41] .** Thus, bank's claim can be received only after the second loss, as a result of which they are able to reap only 10 per cent -15 per cent claim from the government under CGFMU which makes the cap of 15 per cent in CGFMU not economically viable to many banks.

[40] FAQ, CGFMU, 2021, Available at: https://www.ncgtc.in/sites/default/files/faqs_25_06_2021.pdf
[41] FAQ, CGFMU, 2021, available at: https://www.ncgtc.in/sites/default/files/faqs_25_06_2021.pdf

For instance, in the example below, the maximum pay out cap is 150 (D4) and as the bank has balance of more than 150 in default, only 150 will be given as claim (E3, E4), thereby meaning that the bank will have to incur the remaining amount as loss, making it economically non-viable to many MLIs.

Table 47: Example for Eligible Claim Pay-out under CGFMU

1	2	3	4
		For Micro Loans Sanctioned upto March 31, 2020	**For Micro Loans Sanctioned during FY 2020-21 onwards**
A	**Crystallized Sanctioned Amount (Rs.)**	1000	1000
B	**Amount Assessed to be in default (lower of amount outstanding on date of NPA and date of claim lodgment)**	250	250
C	**First loss to be borne by MLI**	50 (5% of A)	7.5 (3% of B)
D	**Maximum Cap on Claim (15% of A)**	150	150
E	**Balance Amount in Default (B-C)**	200	242.5
F	**Eligible Claim Pay-out**	**100 (50% of E, subject to D)**	**150 (75% of E, subject to D)**

Source: FAQ, CGFMU, 2021

Further, CGFMU is portfolio based, and the **guarantees are availed on the portfolios**[42]. Banks have reported that as a result of this, the entire portfolio, many times, gets stuck if there is error even in a single entry, as errors made are not easily rectifiable because of XML formats, making it very complex to use and leading to further delays in submission of claims.

It can be observed from the table below that mostly the Public Sector Banks avail the benefit under the Guarantee Cover whereas for the other MLI types, the signup for the cover is very low.

Table 48: Guarantee Cover taken by MLIs granting loans under PMMY

Guarantee Cover	CGFMU Cover	
	Yes	No
Public Sector Banks	6	1
Private Sector Banks	2	5
NBFCs	0	1
NBFCs-MFIs	0	3
Small Finance Banks	1	0

Source: Primary Research, KPMG India

[42] FAQ, CGFMU, 2021, Available at: https://www.ncgtc.in/sites/default/files/faqs_25_06_2021.pdf

Refinancing Obligations under Mudra

Banks are able to apply for refinance at certain rates and only if they charge a stipulated interest rate. The interest rate limit is not beneficial for most of the banks as the cost outweighs the benefits of refinance.

The funding support from MUDRA are of two types:

- **Micro Credit Scheme (MCS) for loans up to 1.5 lakhs finance through MFIs. (50% ceiling considering 3 lakhs family income).**
- **Refinance Scheme for Commercial Banks / Regional Rural Banks (RRBs) / Small Finance Banks / Non-Banking Financial Companies (NBFCs).**

In the case of Banks, RBI has put a cap on the interest rate at Base rate/ MCLR for lending micro units by Commercial Banks by availing of MUDRA refinance. Similarly, the RRBs have been given an interest cap of 3.50 per cent over and above MUDRA refinance rate, while lending a PMMY loan by availing of MUDRA refinance. In case of NBFCs, RBI has also stipulated an interest cap of 8 per cent over and above MUDRA refinance while their lending to MUDRA segment[43].

Refinancing the obligation to avail benefit under Mudra scheme is thus reported not economical and feasible by many of the MLIs.

Implementation

Geographical and Sector-wise distribution

The PMMY scheme is spread across a wide market. Even the MLIs interviewed, mentioned having different branches spread across different regions to cover the urban, semi-urban and rural areas.

Hence, regionally, on one hand, if the NBFCs, MFIs mostly cater to specific regions in rural areas which is crucial for the development of the country; the public sector and private sector banks have a wide reach and cover broader geographical areas.

For the sector wise distribution, although the scheme aims to target the trading, manufacturing, and service sectors alike; majority of the banks stated that the scheme attracts individuals and sole proprietors to avail the loan primarily in the service sectors across geographies.

Terms of Sanction

This section discusses a few of the loan sanction terms and documentations requirements stated by banks on majority.

[43] Mudra Ltd., available at: https://www.mudra.org.in/offerings#:~:text=MUDRA%20provides%20refinance%20support%20to,development%20support%20to%20the%20sector.

Different banks ask for different documentation proof depending on the ticket size of the loan. These documentation proofs vary and generally increases in number basis the loan size –

- application form,
- KYC,
- Aadhar card,
- Pan card,
- Form 16,
- ITR, or
- income declarations,
- household income,
- family liability,
- credit bureau report,
- CIBIL score
- credit underwriting,
- loan proposal for documenting the purpose and need for credit by the entrepreneurs

Lack of knowledge of the basic documentation requirements is a big challenge for many banks. To facilitate information dissemination, few banks also form groups of interested beneficiaries and train them on various models, terms of availing finance, which is a 2 to 3 days long process, post which they initiate the documentation process for the potential customers. Some NBFC-MFI also operate on a Joint Liability Group (JLG) basis with a core emphasis on joint liability to a group of individuals.

Lack of Awareness and Outreach issues

Awareness and knowledge of the scheme, both at the end of mass public as well as banking officials at the lower levels emerged as one of the bottlenecks in ensuring equitable access to finance. Most of the times, it is the Bank who approaches the customer as the latter has limited access to information about the scheme. Additionally, for such customers, the information transmission, documentation, and disbursements are to be handled manually. With limited number of support staffs and on-field officers, it gets operationally difficult for banks to serve the large pool of customers. Many NBFCs-MFI also do not have any established teams for promotion and awareness of schemes. Hence, information and awareness about the scheme needs to be disseminated more effectively by the government.

MLI’s fear of risk

The MLIs have expressed fear of NPAs with respect to applicants with no prior credit history. In addition, the banks reported that the changing contact details makes it difficult to keep a track of the borrowers. This also increases the cost of interaction per customer. It was also observed that the collection issue existed especially with NBFCs and MFIs.

Institutional Mechanism

Need for a Centralized Database of Customers

The issues related to customer credibility or documentation verification calls for a need of a centralized system wherein the information related to the beneficiaries can be stored safely and retrieved easily as per convenience of the banks for customer enrollments under the scheme.

Need for Digitization

Handling offline disbursements is challenging for large Public and Private Sector Banks due to limited resources. Many banks in Public Sector reported lack of transparency and a lot of hassle in handling offline credit sanctions to the beneficiaries. Some banks also highlighted a need for a digitized platform for quick addressal of queries on issues pertaining to guarantee covers or other operational/ technical guidelines faced by the lending institutions.

Monitoring and Evaluation

Financial Performance of Borrowers

Also, many banks first only give loans under the Shishu category and if the repayment is done timely, they transfer the borrowers to Kishore and further to the Tarun category as per the needs. Hence, the earlier performance acts a ticket of graduation for migration to higher categories for majority of the new borrowers or new to credit customers.

Some banks also have a process wherein the branch managers are given the incentive to graduate them to higher levels based on the entrepreneur's business performance assessed via account statements on the cash flow basis.

Many banks also do frequent business visits and study the credit bureau report to get a better understanding of the track record and financial performance of borrowers.

Based on improved performance, the credit demand sometimes overshoots the limit catered by PMMY and in such cases, the borrowers are transferred to different schemes accordingly.

Primary reasons of rejection of loan applicants

Lack of documents and **low CIBIL scores** are the primary reasons for the rejection of loan applicants.

Other reasons for rejection of loan applications:

- Customer understanding of pre sanction documents,
- Default in earlier loans,
- Unsatisfactory account conduct,
- A poor credit score,
- Low viability of the business project or lack of license to continue business operation,
- Indebtedness caps - number of loans taken up by individual, or the number of lenders, or

- Repayment obligations - failure to comply with Fixed obligation to income ratio (FOIR) metric (most banks keep FOIR at 50 per cent).

Non-Performing Assets

The data on NPA analysed earlier has been substantiated and validated through the discussions with the MLIs under this section.

Below mentioned are some of the statements given by the MLIs from different categories that are in line with the analysis done earlier:

- High NPA percentages in public sector banks – A few Banks quoted: *("20 per cent – 30 per cent of the mudra loans goes into NPA", "bad loans around 12.34 per cent of the total credit granted under PMMY", "NPA of 11.66 per cent for MUDRA loans", "a total 30 per cent stress prevails for the mudra loans comprising 16 per cent NPA and 14 per cent special monitoring account")*
- Most instances of bad loans in the Shishu category for public sector banks
- NPA in private banks on average is high. A few banks quoted: ("economic imbalance due to Covid-19, the NPA percentage shot up to 6 per cent -7 per cent", "major cause of concern for the bank is NPA which is as high as around 19 per cent for the Mudra scheme")
- NBFCs-MFI – "NPA 5 per cent -7 per cent (increase due to Covid scenario)", "bad loans 4 per cent -5 per cent mainly due to covid"
- NPA for NBFCs – "NPA around 4 per cent"

The YoY increase of NPA has been very high for almost all the banks and the NPA accounts and amount have been increasing ever since the inception of the scheme PMMY. However, the NPA Account and Amount per cent of the disbursed amount is significantly lower for the MFIs, NBFCs and Small Finance Banks with highest being in the Public sector banks, followed by the private sector commercial banks[44].

Credit appraisal and monitoring

For the migration to higher categories, there is no documented cash flow available with the bank as largely these account holders have cash businesses. Additionally, this leads to difficulty monitoring the appropriate use of the amount required for ensuring targeted lending under the scheme. Many Banks also reported that they face operational challenges with the scheme in recognizing the businesses under MSME as there are many unregistered (not registered on UDYAM) MSMEs which lack even the basic documentary evidence such as GST or PAN

Target setting by MLIs

For yearly target setting, Private and Public banks work as per targets given by DFS; however, the SFBs and NBFCs-MFI have their own internal targets based on historical data and current trends. Uniformity across the MLIs is needed with respect to the target setting mechanism for a standardized process to leap in the system.

[44] Refer to annexure for detailed YoY increase and NPA per cent against disbursement

5. Recommendations

Traditional Advertising
Mass promotions may be facilitated in television, newspapers, radio or by way of display of posters and banners in regional languages to attract customers in villages and rural areas

Online Advertising
With the uses or application of smart phones and computers becoming more rampant, it is critical for the government to shift to online modes of promotion which help inform, persuade and reinforce the benefits of scheme through social media platforms, Facebook ads, google ads and other online websites and sources.

Public Relation Activities
The ministry concerned may take active steps to interact with customers and other stakeholders of the scheme to create and maintain the image/ branding of the scheme

Awareness on GST enrollment
Entrepreneurs may also be encouraged to go for GST to claim benefits and in turn become more formalized

Banks Interventions for Digital Promotions
Many Banks do digital promotions and advertise about the scheme on the website and other media channels to improve the reach among rural as well as urban areas. This may be implemented across every bank with due diligence as there is a growing need for E – platforms to bring in more people under the formal banking sector.

Digitization of the lending process
Entire process can be digitized making it more transparent and hassle free for the potential beneficiaries. Many banks have made online credit disbursement possible for their existing customers and Shishu category loans. Also, this has helped a few banks to reduce the workload to a significant level as they encourage potential customers to apply online if found eligible.

Real time upload of beneficiary data
A Portal enabling real-time upload of beneficiary data will help streamline the beneficiary data collection. It will also help enhance the overall efficiency and transparency of the scheme with a better data management.

Feedback/ Query Redressal Portal and Chatbots

A quick redressal of issue helps effectively run a scheme. Hence it is essential to have Chatbots or portal for query redressal to benefit both the Member lending institutions as well as the beneficiaries or borrowers of the scheme.

Guidelines for Credit/ Background Checks

A set of guidelines for assessing the credit worthiness and background verification must be enlisted to provide a security net to the banks, considering the loans are collateral free and a proper risk check and assessment has critical role to play in the sustainability of results and success of the scheme. Additionally, E-KYC authentication may be encouraged for loan underwriting to ensure proper assessment checks. Udyam registration may be utilized for this.

Recognition Mechanism

A proper reward mechanism is needed for different banks based on their scale of operation and performance. A reward mechanism would help incentivize well performing MLIs to perform better. For instance, to motivate MLIs, their achievements can be facilitated online on the MUDRA portal stating highest achievers in multiple categories such as MLI with the most amount disbursed, highest number of accounts, highest sanction to SC,ST,OBC, Women categories, maximum disbursement in aspirational districts etc

6. Conclusion

The scheme has done fairly well and with the promise of serving to help MSMEs, it has a huge scope to fund the unfunded small entrepreneurs and improve the access of credit to Micro enterprises. Schemes like PMMY serves as an important tool for small businesses to access commercial capital. However, for its success hinges on its design and with the right mechanism and risk management processes alongside the efficient administration and governing bodies, can further make the MUDRA scheme financially sustainable, generating positive additionalities.

Summary of Scheme Rationalization

Table 49: Summary of Scheme Rationalization

	Scope for Scheme Convergence	Scope and Impact of Guarantee Cover	Discussion on Way Forward
PMMY	• Different schemes have different purpose and target beneficiaries. • Thus, the scheme may continue on a standalone basis going forward	• The cover may be continued with the pay out cap at 15%.	• Scheme may be continued with changes recommended

Annexure

1. List of MLIs for Primary Discussions:

Annexure List of MLIs for Primary Discussions

Sl. No	Name of Financial Institution
	Public Sector Banks
1	Union Bank of India
2	Bank of Baroda
3	Bank of India
4	State Bank of India
5	Canara Bank
6	Central Bank of India
7	UCO Bank
	Private Sector Banks
1	HDFC Bank
2	ICICI Bank
3	Axis Bank
4	Bandhan Bank
5	IDBI Bank
6	Kotak Mahindra Bank
7	IndusInd Bank
	NBFCs
1	Shriram Transport Finance Company Ltd.
	NBFCs-MFIs
1	Grameen Koota Financial Services Private Limited
2	Arohan Financial Services Pvt. Ltd.
3	Svatantra Microfin Pvt Ltd.
	SMALL FINANCE BANKS
1	Ujjivan Small Finance Bank

2. Discussion Guide for Member Lending Institutions (MLIs)

1. Has PMMY able improve availability of credit to MSME enterprises?
2. What are key benefits of PMMY compared to other credit guarantee schemes?
3. Has the scheme been able to attract new borrowers and first-time entrepreneurs?
4. Is the information dissemination about scheme sufficient to attract potential beneficiaries?
5. What is the share of existing customers to new customers applying for loans under the scheme? What is the number of new to credit borrowers?
6. Are the borrowers/ applicants aware of the process, documentation, etc?
7. What are key challenges you face in credit appraisal process? How can these be addressed?
8. What are the primary reasons for rejection of loan applications?
9. What is the share of loans under PMMY as percentage of loans sanctioned by your institution for MSME sector?
10. In which category – Shishu, Kishor, Tarun – do you find more instances of bad loans?
11. Have you been able to meet your targets for PMMY schemes? If not, what are the key reasons?
12. Are there any initiatives to deal with loan processing by having a tie-up with a few nonprofit agencies for guidance & handholding of MSME entrepreneurs?
13. Is there any power asymmetry between branch managers which may lead to inefficiency in scheme performance?
14. Are there any convergence issues, considering multiple schemes for MSMEs?
15. How many Shishu Mudrapreneurs are able to graduate to Kishore and further to Tarun category?
16. Does your bank take guarantee cover under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) and Credit Guarantee Fund for Micro Units (CGFMU)?
17. What changes would you recommend to improve the scheme from the perspective of financial institutions?
18. What changes in the scheme would benefit MSME enterprises?

3. Success Stories, Best Practices and Case Studies

This section lists out some of the best practices facilitated by the banks interviewed.

- **Central Bank of India, IDBI, ICICI, Yes Banks** and many other banks have integrated the MUDRA scheme with the *“Loans in 59 minutes” scheme wherein people can apply for credit on their portal*
- **UCO** bank celebrates a MUDRA Day in every month to promote, improve availability and accessibility of the scheme through campaigns and personal interactions.
- **IndusInd’s** fundamental strength - subsidiary - Bharat financial Inclusion Ltd (business correspondent) that offers product solutions from the bank for microfinance loans to the customers.
- Group based lending system by **Bandhan and IndusInd Bank** wherein individuals are grouped and informed about the scheme has helped them reduce NPA to a significant level.

Further, some bank appoints BCs (Banking Correspondents) to market information and handholding of the customer across different regions. The BCs help borrowers with the documentation process such as filling up of forms, KYC details, Aadhar card, pan card etc. bank promotes the implementation of scheme by giving BCs incentives from its own depository. There are a few banks that conducts workshops or credit camps to train the beneficiaries and have special government scheme centers to cater to government schemes. Applicants approach the bank after getting information through on field relationship teams and information dissemination meetings with entrepreneurs. As Banks are reaching out to potential beneficiaries, hence the chances of rejection of applicants are reduced. However, few bank suggest that there is a growing need to break the intermediary barriers (Business correspondents) as there exists a knowledge gap among them and the interaction between the branch managers.

Other best practices:

Financial Literacy and information dissemination
The financial literacy among the customers is one of the major challenges for almost all the banks. To combat this, many banks use the local or the regional language for posters and promotion. Some, even make available the application forms in the local languages for the better understanding of customers at large

Reducing risk of Power Misuse
The misuse of power by the branch managers is another risk which needs proper monitoring. To ensure this, it is critical that the complete manual dependency is not left to be addressed by a single department. Many banks thus have a process in line of granting loans which undergoes different levels of delegation. A few banks reported to have separate teams wherein the sourcing is done by branches while the sanction of amount is handled by a different credit team. Some banks also have a rotation policy wherein the employees are moved to different locations/ regions, as well as random audit visits/ checks to prevent and keep in check the mis-utilization of power mechanism by the employees or branch officials.

Background Verification and Credit Check

The majority of borrowers under Mudra are small entrepreneurs who have very limited documents. This makes it difficult for the banks to run verification checks as it requires more staffing and employees. To address the issue, some banks have done tie-ups with fintech company for background and credit checks which has helped them reduce the workload to a considerable level. A few of them have also gone digital to help fix the processing issues via the online platform, helping them save resource as well as time on initial checks and verification.

Target Monitoring

Meeting targets is very crucial for the banks to ensure an effective working of the scheme. But to achieve this, it is necessary to reward or incentivize the employees for target completion. Many banks thus do periodical review of targets and make it a part of performance review for their employees and since meeting targets is a key aspect in the appraisal process, the bank managers try their best efforts in accomplishing in the same, helping bank perform effectively and efficiently.

Case Studies

Table Case Study – FOGAPE, Chile

Scheme Name	**FOGAPE**
Country	**Chile**
About the Scheme	The Fondo de Garantia para Pequenas Empresas (Small Enterprise Guarantee Fund) (FOGAPE) is a credit guarantee scheme started in 1980 by the Chilean government and managed by BancoEstado, a large, state-owned retail bank.
Objective	The mission of the scheme is to provide credit guarantees to formal Financial Institutions to enable credit for Micro Enterprises (with less than around INR 74 lakh[45] in annual sales) and Small-Scale firms (up to around INR 7.39 crore[46] in annual sales) across all the sectors[47].
Performance[48]	A study by Cowan, Drexler and Yañez in 2015, stated the positive impact of the scheme on credit availability for beneficiary firms such that an additional INR 1 guarantee generated INR 0.8 in loans for SMEs for new to credit customers and INR 0.7 for repeat borrowers. Additionally, the study found no evidence of increased risk of default

[45] Converted at the average exchange rate for 2021 (US$1 = INR73.9339), Source exchangerate.org.uk
[46] Converted at the average exchange rate for 2021 (US$1 = INR73.9339), Source exchangerate.org.uk
[47] Impact evaluation of credit guarantee schemes, 2021, Food and agriculture organization of UN, available at: https://www.rfilc.org/wp-content/uploads/2021/12/Impact-evaluation-of-credit-guarantee-schemes-in-agriculture.pdf
[48] Impact evaluation of credit guarantee schemes, 2021, Food and agriculture organization of UN, available at: https://www.rfilc.org/wp-content/uploads/2021/12/Impact-evaluation-of-credit-guarantee-schemes-in-agriculture.pdf

	Another study by Mullins and Toro (2018) shows the scheme in positive light by having the firms in the credit group doubling their banking credit within the same year, with a gradual increase throughout the year.
Success Factors[49]:	1. Strong regulatory and supervisory system. 2. **Transparency and fairness**: through **Auction[50] Mechanism wherein guarantees are allocated to FIs through a sealed bid auction.** This acts as an incentive for lenders that limits risk shifting by keeping operating costs low preventing adverse selection and moral hazard among borrowers and lenders. 3. **Effective communication and awareness**: - **Publicity and promotional campaign launched by government** on the scheme's benefits - Additionally, **training to participating FIs** to assimilate them with the scheme policies and mechanism.

[49] Facilitating access to finance, Discussion paper on Credit Guarantee Scheme, OECD, available at: https://www.oecd.org/global-relations/45324327.pdf
[50] Refer to Annexure for detailed explanation

The Auction system of the Chilean Fund - FOGAPE[51]

Annexure Box Auction Mechanism, FOGAPE, Chile

- The bidding takes place four to six times per year
- Only supervised financial institutions can participate
- FIs participating are responsible for analyzing the risk of loans and respecting the conditions set forth by FOGAPE
- In every auction FOGAPE distributes resources for three types of credit guarantees:
  1. 50 per cent - Short term
  2. 30 per cent - Long term, exporters, and new entrepreneurs
  3. 20 per cent - Other credit
- Tenders are selected based on the coverage rates proposed by FIs (lower coverage rates are selected before higher coverage rates)
- A contract is established by FOGAPE with the winning FI fixing the coverage and commission rates, and outlining the contractual obligations of both parties in the case of default
- Once the contract is concluded between FOGAPE and the lending institution, loans based on the guarantees must be distributed to borrowers within a two-month time frame. If the FI fails to do during that period, the guarantee is not used, and FOGAPE calls for a new bid.

Table Case Study – Loans in 59 minutes, India

Initiative Name	**Loans in 59 minutes[52]**
Country	**India**
About the Initiative	psbloansin59minutes.com is a new-age digital lending platform that aims at providing technology based financial solutions to address issues (tedious application writing, documentation, and verification processes) faced by MSMEs. It has tied up with several banks to offer Mudra loans, MSME loans, home loans, and a few other loans through their online portal in a quick and hassle freeway.
Services and benefits	• Faster and contactless digital approval in 59 minutes • One form for all the lenders on the platform • Real time tracking of applications can be done online • MSMEs can choose preferred lender products from multiple loan offers • Sanction and disbursement take 7-10 working days

[51] Facilitating access to finance, Discussion paper on Credit Guarantee Scheme, OECD, available at: https://www.oecd.org/global-relations/45324327.pdf
[52] SIDBI, psbloansin59minutes, available at: https://www.psbloansin59minutes.com/mudra-loan

Process	 Image Source: psbloansin59minutes.com
Performance	• 21+ partner banks  Image Source: psbloansin59minutes.com • 6 lakhs+ journeys completed • 70,000 crores+ loans disbursed • 5000+ video testimonials

4. Credit Gap Analysis – Assumptions/ Calculations

Annexure Credit Gap Analysis – Change per cent

Demand and Supply of Credit to MSME	**Year**	**Change per cent**	**Assumptions/ Calculations**
Growth per cent for supply of credit to MSME	18-19	9.42	YOY change per cent calculated based on supply of credit figures, (SIDBI, Annual Report, 2020-21)
	19-20	2.1	
	20-21	6.54	
Growth per cent for demand of credit by MSME	17-19	4.68	Calculated CAGR based on FY2010 and FY2017 credit demand figures, (IFC, world bank)
	19-20	1.04	Unitary method applied based on growth per cent for supply of credit to calculate the change per cent for demand of credit by MSME for Covid Period
	20-21	3.24	

5. **State-wise Per capita amount sanctioned under PMMY (2015-2022)**

State	2015-16	2016-17	2017-2018	2018-19	2019-2020	2020-21	2021-2022
Andaman and Nicobar Islands	5,738	2,106	2,697	2,410	1,987	3,232	2,034
Andhra Pradesh	1,175	1,177	2,063	2,264	2,314	2,244	2,128
Arunachal Pradesh	538	589	791	853	1,128	1,296	654
Assam	582	1,573	2,137	3,185	2,496	2,454	1,559
Bihar	726	1,171	1,529	2,344	2,636	2,458	3,083
Chandigarh	2,013	2,170	3,979	4,039	3,830	4,257	2,669
Chhattisgarh	887	1,305	1,858	2,330	2,724	2,641	2,321
Dadra and Nagar Haveli	632	683	1,070	1,295	1,293	1,535	1,467
Daman and Diu	511	518	968	768	1,013	1,153	820
Delhi	1,756	2,241	2,651	3,436	3,103	2,460	1,559
Goa	2,738	2,675	3,423	3,446	3,479	3,796	3,369
Gujarat	998	1,288	1,884	2,187	2,274	1,916	2,011
Haryana	1,286	1,516	2,343	2,969	3,100	2,979	3,064
Himachal Pradesh	1,455	1,867	2,769	3,437	3,501	3,445	3,136

Jammu & Kashmir	945	1,471	2,063	2,714	2,975	4,578	4,802
Jharkhand	893	1,214	1,640	2,119	2,414	2,568	2,673
Karnataka	2,760	2,947	3,766	4,910	4,941	4,943	4,697
Kerala	1,454	1,882	2,832	3,646	3,935	3,417	3,502
Lakshadweep	1,021	875	2,009	1,143	1,287	3,577	2,584
Madhya Pradesh	1,115	1,447	2,050	2,397	2,624	2,544	2,591
Maharashtra	1,229	1,538	2,025	2,353	2,483	2,243	2,296
Manipur	460	546	769	1,265	1,445	1,525	1,448
Meghalaya	561	640	729	910	922	1,398	714
Mizoram	788	922	1,437	2,115	2,277	2,236	1,926
Nagaland	434	576	687	824	930	1,320	1,157
Odisha	1,357	1,880	2,754	3,757	3,673	3,652	4,026
Pondicherry	2,707	3,931	7,173	10,008	6,126	4,958	6,422
Punjab	1,288	1,673	2,424	2,986	3,202	2,672	2,948
Rajasthan	800	1,317	2,022	2,554	2,868	2,709	2,772
Sikkim	975	1,636	1,905	3,413	2,886	3,291	2,662

Tamil Nadu	2,196	2,502	3,511	4,749	4,854	4,015	4,502
Tripura	1,013	2,720	4,042	5,046	4,310	5,762	6,796
Uttar Pradesh	614	765	1,105	1,311	1,549	1,463	1,685
Uttarakhand	1,773	1,957	2,551	2,948	2,919	3,074	2,990
West Bengal	880	1,720	2,252	2,899	2,935	3,214	3,823

6. Top 10 states Category Wise (Number of Accounts (2015-2022))

State	Shishu Accounts	State	Kishore Accounts	State	Tarun Accounts
Tamil Nadu	21,401,266	Karnataka	1,754,500	Tamil Nadu	447,211
Karnataka	16,678,956	Tamil Nadu	1,543,774	Karnataka	335,160
West Bengal	16,400,450	West Bengal	1,426,071	Maharashtra	333,883
Bihar	15,503,668	Maharashtra	1,240,170	Gujarat	317,178
Uttar Pradesh	14,631,035	Uttar Pradesh	1,182,731	Rajasthan	272,832
Maharashtra	13,287,767	Andhra Pradesh	1,139,412	Uttar Pradesh	246,341
Odisha	12,039,026	Bihar	907,164	Madhya Pradesh	241,524
Madhya Pradesh	10,399,449	Rajasthan	777,604	West Bengal	191,866
Rajasthan	5,788,547	Kerala	774,481	Andhra Pradesh	129,667
Kerala	5,352,060	Gujarat	743,688	Bihar	111,824

7. Top 10 states Category Wise (Disbursed Amount (2015-2022) (in Cr))

State	Shishu Accounts	State	Kishore Accounts	State	Tarun Accounts
Tamil Nadu	50,964	Karnataka	27,090	Maharashtra	22,760
West Bengal	41,349	Tamil Nadu	24,427	Uttar Pradesh	18,538
Karnataka	41,019	Maharashtra	24,040	Karnataka	17,497
Bihar	36,359	Uttar Pradesh	23,203	Tamil Nadu	16,651
Maharashtra	31,558	Andhra Pradesh	19,316	Rajasthan	14,739
Uttar Pradesh	30,957	West Bengal	18,542	Gujarat	12,193
Odisha	26,524	Rajasthan	15,725	Madhya Pradesh	11,036
Madhya Pradesh	24,781	Bihar	13,718	West Bengal	9,193
Assam	14,995	Gujarat	13,680	Andhra Pradesh	8,642
Rajasthan	14,119	Kerala	13,351	Punjab	7,790

8 District-wise performance basis the sanctioned amount for FY 2021-2022
Source: Mudra Ltd.

Annexure Bottom 318 districts as per Sanctioned amount, 2021-2022

Sr.No.	**District**	**Amt. Sanctioned (in cr)**
1	Nicobar	1.43
2	North and middle andaman	21.27
3	South Andaman	54.7
4	Anjaw	0.24
5	Changlang	0.93
6	Dibang Valley	1.61
7	East Kameng	2.77
8	East Siang	5.45
9	KAMLE	0
10	Kra Daadi	1
11	Kurung Kumey	0.63
12	LEPARADA	0.05
13	Lohit	10.92
14	Longding	0.44
15	Lower Dibang Valley	0.63
16	LOWER SIANG	0
17	Lower Subansiri	5.58
18	NAMSAI	1.24
19	Other	0
20	PAKKE KESSANG	0
21	Papum Pare	34.18
22	SHI YOMI	0
23	SIANG	0.24
24	Tawang	5.14
25	Tirap	0.93
26	Upper Siang	0.65
27	Upper Subansiri	4.04
28	West Kameng	8.38
29	West Siang	5.46
30	Baksa	36.36
31	Barpeta	210.23
32	Biswanath	62.78
33	Bongaigaon	145.41
34	Charideo (Other)	37.46
35	Chirang	49.67
36	Darrang	120.87
37	Dhemaji	94.43

38	Dima Hasao	8.36
39	Goalpara	127.12
40	Golaghat	171.59
41	Hailakandi	83.2
42	HOJAI	80.95
43	Jorhat	173.04
44	Karbi Anglong	19.55
45	Karimganj	204.7
46	Kokrajhar	51.15
47	Lakhimpur	161.27
48	MAJULI	11.5
49	Morigaon	97.95
50	Nalbari	95.73
51	Sivasagar	175.38
52	SOUTH SALMARA MANCACHAR	1.64
53	Tinsukia	212.62
54	Udalguri	28.99
55	WEST KARBI ANGLONG	1.69
56	Arwal	80.13
57	Jehanabad	198.83
58	Lakhisarai	210.45
59	Sheikhpura	109.27
60	Sheohar	148.38
61	Balod	179.76
62	Baloda Bazar	149.66
63	Balrampur	97.47
64	Bastar	153.23
65	Bemetara	58.31
66	Dantewada	22.76
67	Dhamtari	164.3
68	Gariyaband	61.5
69	Jashpur	122.76
70	Kabirdham	88.44
71	Kanker	130.3
72	Kondagaon	75.1
73	Koriya	95.56
74	Mungeli	83.92
75	Narayanpur	35.74
76	Sukma	5.94
77	Surajpur	59.15
78	Surguja	179.35
79	Dadra and Nagar haveli	50.42
80	Daman	16.68

81	Diu	2.77
82	Other	0.5
83	North delhi	126.81
84	North-east delhi	55.05
85	North-west delhi	201.91
86	Other	186.31
87	Shahdara	64.61
88	South-east delhi	80.99
89	South-west delhi	98.67
90	Other	8.12
91	South Goa	187.24
92	Amreli	74.28
93	Aravalli	148.1
94	Botad	51.9
95	Chhotaudepur	100.85
96	Dang	5.83
97	Devbhumi dwarka	37.84
98	Gir Somnath	52.62
99	Jamnagar	187.63
100	Junagadh	106.82
101	Mahisagar	201.6
102	Morbi	83.64
103	Narmada	122.13
104	Patan	103.88
105	Porbandar	60.84
106	Surendranagar	183.72
107	Tapi	84.98
108	CHARKI DADRI	146.97
109	Jhajjar	199.29
110	Mewat	37.53
111	Palwal	148.01
112	Panchkula	136.58
113	Bilaspur	114.45
114	Chamba	89.04
115	Hamirpur	173.01
116	Kinnaur	36.05
117	Kullu	149.08
118	Lahul & Spiti	12.68
119	Other	119.34
120	Sirmaur	140.3
121	Una	211.35
122	Chatra	168.55
123	Gumla	90
124	Jamtara	67.91

125	Khunti	60.18
126	Latehar	154.62
127	Lohardaga	54.78
128	Seraikela-Kharsawan	125.92
129	Simdega	27.84
130	West Singhbhum	193.69
131	Lakshadweep	16.66
132	Agar Malwa	178.5
133	Alirajpur	53.14
134	Anuppur	139.72
135	Ashoknagar	78.19
136	Barwani	203.95
137	Bhind	80.92
138	Burhanpur	129.75
139	Damoh	144.34
140	Datia	89.87
141	Dindori	105.5
142	Harda	140.12
143	Morena	108.14
144	Panna	87.66
145	Sheopur	59.91
146	Sidhi	121.61
147	Singrauli	81.71
148	Tikamgarh	156.33
149	Umaria	76.98
150	Vidisha	190.33
151	Gadchiroli	109.13
152	Nandurbar	145.17
153	Sindhudurg	207.87
154	Bishnupur	17.27
155	Chandel	4.17
156	Churachandpur	16.04
157	Imphal East	71.4
158	Imphal West	148.94
159	JIRIBAM	2.47
160	KAKCHING	9.87
161	KAMJONG	0
162	KANGPOKPI	6.39
163	NONEY	1.72
164	Other	62.71
165	PHERZAWL	0.18
166	Senapati	17.02
167	Tamenglong	2.49
168	TENGNOUPAL	5.47

169	Thoubal	43.17
170	Ukhrul	4.13
171	East Garo Hills	6.28
172	East Jaintia Hills	6.6
173	East Khasi Hills	111.99
174	Jaintia Hills	15.51
175	North Garo Hills	2.91
176	Other	3.83
177	Ribhoi	24.7
178	South Garo Hills	3.12
179	South West Garo Hills	3.56
180	South West Khasi Hills	1.52
181	West Garo Hills	25.95
182	West Khasi Hills	5.88
183	Aizawl	94.52
184	Champhai	20.23
185	Hnahthial	2.23
186	KHAWZAWL	4.98
187	Kolasib	24.81
188	Lawngtlai	10.08
189	Lunglei	18.29
190	Mamit	12.73
191	Saiha	3.04
192	SAITUAL	9.25
193	Serchhip	11.15
194	Dimapur	108.27
195	Kiphire	7.35
196	Kohima	54.32
197	Longleng	3.5
198	Mokokchung	18.48
199	Mon	8.56
200	Other	0
201	Peren	6.48
202	Phek	2.79
203	Tuensang	5.68
204	Wokha	7.78
205	Zunheboto	5.8
206	Boudh	124.92
207	Debagarh	73.45
208	Gajapati	122.91
209	Kandhamal	183.26
210	Malkangiri	152.78
211	Nuapada	207.28
212	Karaikal	118.61

213	Mahe	25.24
214	Other	99.1
215	Yanam	6.28
216	Barnala	145.79
217	Faridkot	177.91
218	Fatehgarh Sahib	147.63
219	Mansa	212.75
220	Pathankot	135.68
221	Bharatpur	201.21
222	Dholpur	141.84
223	Jaisalmer	79.31
224	Karauli	100.99
225	Sawai Madhopur	150.73
226	East sikkim	105.96
227	North sikkim	4.44
228	Other	15.18
229	South sikkim	25.83
230	West sikkim	11.12
231	Chengalpet	127.92
232	Kallakurichi	190.62
233	Karur	187.62
234	Perambalur	134.92
235	Ranipet	91.4
236	Tenkasi	115.13
237	Tirupattur	161.52
238	Adilabad	113.69
239	Bhadradri	107.96
240	Jagitial	53.47
241	Jangaon(New)	72.56
242	Jayashankar	10.66
243	Jogulamba	38.81
244	Kamareddy	80.2
245	KomramBheem	15.85
246	Mahabubabad	16.28
247	Mahbubnagar	196.36
248	Mancherial	59.07
249	Medak	115.5
250	Mulugu	20.48
251	Nagarkurnool	28.06
252	Narayanpet	18.4
253	Nirmal	37.19
254	Peddapalli	41.39
255	Rajanna	25.9
256	Sangareddy	122.75

257	Siddipet	56.98
258	Suryapet	101.91
259	Vikarabad	35.87
260	Wanaparthy	23.88
261	Warangal(rural)	62.37
262	Yadadri	41.58
263	Dhalai	171
264	Khowai	154.64
265	North Tripura	171.86
266	Other	71.51
267	Unakoti	137.28
268	Bandipore	169.91
269	Doda	199.24
270	Kishtwar	119.64
271	Kulgam	199.53
272	Other	55.85
273	Poonch	161.21
274	Ramban	96.24
275	Reasi	115.18
276	Samba	202.1
277	Shupiyan	124.68
278	Udhampur	197.7
279	Kargil	95.21
280	Ladakh	138.59
281	Amethi	184.96
282	Auraiya	60.83
283	Baghpat	193.25
284	Balrampur	104.01
285	Banda	192.81
286	Budaun	178.35
287	Chitrakoot	156.54
288	Etah	163.64
289	Etawah	98.96
290	Farrukhabad	111.29
291	Hamirpur	68.25
292	Hathras	200.59
293	Jalaun	80.28
294	Jyotiba Phule Nagar	168.75
295	Kanpur Dehat	129.8
296	Kanshiram Nagar	54.25
297	Kaushambi	195.64
298	Lalitpur	56.2
299	Mahoba	40.61
300	Mainpuri	145.71

301	Pilibhit	150.41
302	Rampur	203.86
303	Sambhal	116.69
304	Sant Kabir Nagar	191.62
305	Shravasti	42.37
306	Siddharthnagar	146.03
307	Almora	176.05
308	Bageshwar	41.69
309	Chamoli	84.56
310	Champawat	63.91
311	Garhwal	124.96
312	Other	43.24
313	Pithoragarh	88.76
314	Rudraprayag	40.95
315	Tehri Garhwal	91.69
316	Uttarkashi	53.1
317	Jhargram	140.3
318	Kalimpong	25.49
	Total	26525.15

9 Source for NPA Data: Mudra Ltd

Table NPA Accounts for Shishu category, YoY change per cent

Sl. No	Name of Financial Institution	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks						
1	Union Bank of India	61%	89%	53%	267%	108%
2	Bank of Baroda	95%	21%	89%	-7%	-8%
3	Bank of India	108%	44%	14%	30%	58%
4	State Bank of India	20%	46%	61%	18%	97%
5	Punjab National Bank	104%	41%	27%	143%	7%
6	Canara Bank	94%	12%	19%	96%	47%
7	Indian Bank	179%	8%	22%	157%	115%
8	Bank of Maharashtra	179%	0%	8%	73%	98%
9	Central Bank of India	98%	25%	51%	59%	86%
10	UCO Bank	230%	65%	148%	7%	116%
Private Sector Banks						
1	HDFC Bank	228%	18%	-17%	NA	NA
2	ICICI Bank	208%	26%	25%	-15%	-13%
3	Axis Bank	NA	NA	153%	NA	NA
4	Bandhan Bank	586%	62%	-93%	6292%	-47%
5	IDBI Bank	118%	-22%	-41%	-8%	17%
6	Kotak Mahindra Bank	13294%	-100%	950%	517%	NA
7	IndusInd Bank	1193%	-26%	404%	NA	NA
8	Jammu & Kashmir Bank	55%	177%	92%	39%	134%
NBFCs						
1	Shriram Tranport Finance Company Ltd.	NA	NA	NA	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	NA	NA
NBFCs-MFIs						

1	Samasta Microfinance Limited	NA	NA	146%	341%	NA
2	Grameen Koota Financial Services Private Limited	NA	NA	124%	NA	NA
3	Arohan Financial Services Pvt. Ltd.	NA	NA	368%	NA	NA
4	Svatantra Microfin Pvt Ltd.	15838%	-100%	NA	NA	NA
	SMALL FINANCE BANKS					
1	Ujjivan Small Finance Bank	NA	NA	-93%	22480%	-99%

Table NPA Accounts for Kishore category, YoY change per cent

Sl. No	Name of Financial Institution	2017-18	2018-19	2019-20	2020-21	2021-22
	Public Sector Banks					
1	Union Bank of India	124%	262%	93%	91%	70%
2	Bank of Baroda	80%	34%	153%	-17%	29%
3	Bank of India	199%	82%	43%	34%	39%
4	State Bank of India	33%	132%	198%	3%	-2%
5	Punjab National Bank	309%	72%	57%	89%	21%
6	Canara Bank	163%	49%	40%	157%	20%
7	Indian Bank	361%	17%	69%	87%	74%
8	Bank of Maharashtra	226%	36%	25%	18%	41%
9	Central Bank of India	229%	92%	136%	31%	36%
10	UCO Bank	240%	104%	144%	9%	64%
	Private Sector Banks					
1	HDFC Bank	94%	-15%	-6%	NA	NA
2	ICICI Bank	297%	75%	60%	46%	-42%
3	Axis Bank	NA	NA	-15%	NA	NA
4	Bandhan Bank	NA	768000%	184%	167%	231%
5	IDBI Bank	179%	43%	58%	24%	9%
6	Kotak Mahindra Bank	NA	69%	116%	106%	NA

7	IndusInd Bank	482%	60%	55%	NA	NA
8	Jammu & Kashmir Bank	45%	79%	222%	38%	41%
NBFCs						
1	Shriram Tranport Finance Company Ltd.	NA	NA	NA	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	NA	NA
NBFCs-MFIs						
1	Samasta Microfinance Limited	NA	NA	NA	NA	NA
2	Grameen Koota Financial Services Private Limited	NA	NA	9644%	NA	NA
3	Arohan Financial Services Pvt. Ltd.	NA	NA	51%	NA	NA
4	Svatantra Microfin Pvt Ltd.	NA	NA	NA	NA	NA
SMALL FINANCE BANKS						
1	Ujjivan Small Finance Bank	NA	NA	-97%	57535%	-98%

Table NPA Accounts for Tarun category, YoY change per cent

Sl. No	Name of Financial Institution	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks						
1	Union Bank of India	154%	180%	95%	141%	47%
2	Bank of Baroda	185%	52%	369%	-27%	33%
3	Bank of India	236%	70%	44%	13%	35%
4	State Bank of India	0%	129%	108%	6%	2%
5	Punjab National Bank	349%	51%	66%	158%	20%
6	Canara Bank	209%	45%	59%	181%	17%
7	Indian Bank	507%	6%	76%	171%	43%
8	Bank of Maharashtra	142%	35%	20%	5%	16%
9	Central Bank of India	317%	110%	202%	16%	30%
10	UCO Bank	152%	79%	216%	25%	51%
Private Sector Banks						

1	HDFC Bank	128%	13%	27%	NA	NA
2	ICICI Bank	234%	71%	78%	62%	-51%
3	Axis Bank	NA	NA	-18%	NA	NA
4	Bandhan Bank	NA	NA	NA	-57%	478%
5	IDBI Bank	225%	48%	35%	35%	29%
6	Kotak Mahindra Bank	7800%	111%	92%	49%	NA
7	IndusInd Bank	973%	108%	6%	NA	NA
8	Jammu & Kashmir Bank	100%	153%	371%	56%	35%
NBFCs						
1	Shriram Tranport Finance Company Ltd.	NA	NA	NA	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	NA	NA
NBFCs-MFIs						
1	Samasta Microfinance Limited	NA	NA	NA	NA	NA
2	Grameen Koota Financial Services Private Limited	NA	NA	NA	NA	NA
3	Arohan Financial Services Pvt. Ltd.	NA	NA	NA	NA	NA
4	Svatantra Microfin Pvt Ltd.	NA	NA	NA	NA	NA
SMALL FINANCE BANKS						
1	Ujjivan Small Finance Bank	NA	NA	NA	NA	-100%

Table Total NPA Accounts, YoY change per cent

Sl. No	Name of Financial Institution	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks						
1	Union Bank of India	84%	160%	77%	157%	88%
2	Bank of Baroda	90%	28%	131%	-14%	13%
3	Bank of India	137%	58%	27%	31%	48%
4	State Bank of India	22%	75%	117%	9%	42%

5	Punjab National Bank	167%	55%	43%	116%	14%
6	Canara Bank	115%	25%	29%	126%	32%
7	Indian Bank	251%	12%	46%	120%	90%
8	Bank of Maharashtra	194%	17%	17%	40%	69%
9	Central Bank of India	123%	44%	85%	45%	64%
10	UCO Bank	231%	81%	148%	9%	90%
Private Sector Banks						
1	HDFC Bank	221%	17%	-16%	NA	NA
2	ICICI Bank	252%	62%	59%	43%	-43%
3	Axis Bank	NA	NA	140%	NA	NA
4	Bandhan Bank	586%	74%	-74%	1798%	-19%
5	IDBI Bank	138%	0%	5%	17%	14%
6	Kotak Mahindra Bank	13272%	-89%	114%	104%	NA
7	IndusInd Bank	1111%	-21%	362%	NA	NA
8	Jammu & Kashmir Bank	50%	107%	188%	40%	60%
NBFCs						
1	Shriram Tranport Finance Company Ltd.	NA	NA	NA	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	NA	NA
NBFCs-MFIs						
1	Samasta Microfinance Limited	NA	NA	146%	342%	NA
2	Grameen Koota Financial Services Private Limited	NA	NA	160%	NA	NA
3	Arohan Financial Services Pvt. Ltd.	NA	NA	366%	NA	NA
4	Svatantra Microfin Pvt Ltd.	15838%	-100%	NA	NA	NA
SMALL FINANCE BANKS						
1	Ujjivan Small Finance Bank	NA	NA	-93%	23800%	-99%

Table NPA Amount for Shishu category, YoY change per cent

Sl. No	Name of Financial Institution	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks						
1	Union Bank of India	30%	85%	35%	177%	56%
2	Bank of Baroda	64%	14%	131%	-13%	-10%
3	Bank of India	92%	70%	29%	-10%	-3%
4	State Bank of India	-64%	34%	26%	47%	-17%
5	Punjab National Bank	130%	36%	10%	107%	-3%
6	Canara Bank	54%	18%	20%	166%	-5%
7	Indian Bank	139%	-20%	-7%	413%	41%
8	Bank of Maharashtra	172%	0%	1%	33%	42%
9	Central Bank of India	146%	-12%	41%	28%	31%
10	UCO Bank	229%	119%	68%	13%	67%
Private Sector Banks						
1	HDFC Bank	144%	-1%	-31%	NA	NA
2	ICICI Bank	254%	-54%	15%	43%	-18%
3	Axis Bank	NA	NA	444%	NA	NA
4	Bandhan Bank	392%	33%	-88%	8695%	-66%
5	IDBI Bank	68%	-18%	-29%	-19%	12%
6	Kotak Mahindra Bank	2567%	-91%	-14%	350%	NA
7	IndusInd Bank	413%	-7%	380%	NA	NA
8	Jammu & Kashmir Bank	44%	76%	45%	92%	38%
NBFCs						
1	Shriram Tranport Finance Company Ltd.	NA	NA	NA	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	NA	NA
NBFCs-MFIs						
1	Samasta Microfinance Limited	NA	NA	613%	139%	NA
2	Grameen Koota Financial Services Private Limited	NA	NA	115%	NA	NA

3	Arohan Financial Services Pvt. Ltd.	NA	NA	621%	NA	NA
4	Svatantra Microfin Pvt Ltd.	26063%	-100%	NA	NA	NA
SMALL FINANCE BANKS						
1	Ujjivan Small Finance Bank	NA	NA	-84%	13012%	-99%

Table NPA Amount for Kishore category, YoY change per cent

Sl. No	Name of Financial Institution	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks						
1	Union Bank of India	131%	214%	85%	98%	66%
2	Bank of Baroda	80%	52%	140%	-20%	35%
3	Bank of India	169%	66%	34%	38%	37%
4	State Bank of India	34%	118%	156%	0%	-8%
5	Punjab National Bank	293%	53%	44%	115%	29%
6	Canara Bank	146%	36%	40%	191%	20%
7	Indian Bank	337%	-4%	17%	204%	86%
8	Bank of Maharashtra	190%	52%	21%	16%	33%
9	Central Bank of India	216%	99%	127%	28%	25%
10	UCO Bank	240%	106%	153%	10%	53%
Private Sector Banks						
1	HDFC Bank	83%	-9%	-3%	NA	NA
2	ICICI Bank	270%	47%	38%	48%	-48%
3	Axis Bank	NA	NA	-40%	NA	NA
4	Bandhan Bank	NA	295200%	595%	60%	321%
5	IDBI Bank	172%	39%	57%	12%	6%
6	Kotak Mahindra Bank	NA	94%	86%	100%	NA
7	IndusInd Bank	510%	69%	15%	NA	NA
8	Jammu & Kashmir Bank	52%	90%	176%	56%	-86%
NBFCs						

1	Shriram Tranport Finance Company Ltd.	NA	NA	NA	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	NA	NA
NBFCs-MFIs						
1	Samasta Microfinance Limited	NA	NA	NA	NA	NA
2	Grameen Koota Financial Services Private Limited	NA	NA	7225%	NA	NA
3	Arohan Financial Services Pvt. Ltd.	NA	NA	293%	NA	NA
4	Svatantra Microfin Pvt Ltd.	NA	NA	NA	NA	NA
SMALL FINANCE BANKS						
1	Ujjivan Small Finance Bank	NA	NA	-96%	38300%	-98%

Table NPA Amount for Tarun category, YoY change per cent

Sl. No	Name of Financial Institution	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks						
1	Union Bank of India	122%	151%	86%	171%	45%
2	Bank of Baroda	161%	81%	281%	-25%	41%
3	Bank of India	216%	56%	27%	19%	39%
4	State Bank of India	1%	125%	74%	8%	16%
5	Punjab National Bank	319%	42%	44%	201%	18%
6	Canara Bank	186%	39%	57%	179%	16%
7	Indian Bank	882%	-45%	80%	167%	47%
8	Bank of Maharashtra	113%	58%	17%	3%	6%
9	Central Bank of India	285%	103%	192%	14%	24%
10	UCO Bank	139%	78%	218%	29%	48%
Private Sector Banks						
1	HDFC Bank	103%	1%	30%	NA	NA
2	ICICI Bank	222%	52%	56%	63%	-58%
3	Axis Bank	NA	NA	-32%	NA	NA

4	Bandhan Bank	NA	NA	NA	-60%	347%
5	IDBI Bank	207%	41%	32%	14%	20%
6	Kotak Mahindra Bank	4575%	92%	67%	53%	NA
7	IndusInd Bank	2911%	-37%	-6%	NA	NA
8	Jammu & Kashmir Bank	80%	141%	298%	62%	-87%
NBFCs						
1	Shriram Tranport Finance Company Ltd.	NA	NA	NA	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	NA	NA
NBFCs-MFIs						
1	Samasta Microfinance Limited	NA	NA	NA	NA	NA
2	Grameen Koota Financial Services Private Limited	NA	NA	NA	NA	NA
3	Arohan Financial Services Pvt. Ltd.	NA	NA	NA	NA	NA
4	Svatantra Microfin Pvt Ltd.	NA	NA	NA	NA	NA
SMALL FINANCE BANKS						
1	Ujjivan Small Finance Bank	NA	NA	NA	NA	-100%

Table Total NPA Amount, YoY change per cent

Sl. No	Name of Financial Institution	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks						
1	Union Bank of India	105%	176%	81%	125%	58%
2	Bank of Baroda	91%	53%	178%	-21%	33%
3	Bank of India	167%	63%	30%	23%	33%
4	State Bank of India	-20%	101%	113%	6%	-3%
5	Punjab National Bank	254%	47%	38%	138%	21%
6	Canara Bank	129%	34%	41%	184%	15%
7	Indian Bank	423%	-24%	35%	203%	65%
8	Bank of Maharashtra	160%	45%	18%	14%	27%

9	Central Bank of India	198%	60%	129%	23%	26%
10	UCO Bank	210%	102%	149%	15%	54%
Private Sector Banks						
1	HDFC Bank	116%	-3%	-10%	NA	NA
2	ICICI Bank	239%	48%	49%	58%	-55%
3	Axis Bank	NA	NA	19%	NA	NA
4	Bandhan Bank	392%	57%	20%	767%	-1%
5	IDBI Bank	166%	33%	37%	12%	13%
6	Kotak Mahindra Bank	5064%	67%	71%	66%	NA
7	IndusInd Bank	570%	4%	184%	NA	NA
8	Jammu & Kashmir Bank	58%	103%	208%	59%	-84%
NBFCs						
1	Shriram Tranport Finance Company Ltd.	NA	NA	NA	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	NA	NA
NBFCs-MFIs						
1	Samasta Microfinance Limited	NA	NA	613%	141%	NA
2	Grameen Koota Financial Services Private Limited	NA	NA	242%	NA	NA
3	Arohan Financial Services Pvt. Ltd.	NA	NA	626%	NA	NA
4	Svatantra Microfin Pvt Ltd.	26063%	-100%	NA	NA	NA
SMALL FINANCE BANKS						
1	Ujjivan Small Finance Bank	NA	NA	-87%	15330%	-98%

NPA against number of account/ disbursement

Less than 3 per cent	3 per cent -10 per cent	More than 10 per cent

Table NPA Accounts per cent for Shishu category (against number of accounts)

Sl. No	Name of Financial Institution	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks							
1	Union Bank of India	3.46	4.56	7	9.01	5.85	10.28
2	Bank of Baroda	3.86	5.98	3.75	3.05	2.6	2.05
3	Bank of India	3.66	4.99	5.5	4.96	3.96	4.99
4	State Bank of India	4.39	3.64	2.94	2.85	3.07	5.7
5	Punjab National Bank	2.3	3.87	4.88	5.79	9.03	8.99
6	Canara Bank	3.42	4.94	4.12	3.71	4.43	5.39
7	Indian Bank	1.55	3.89	3.97	4.73	4.08	7.64
8	Bank of Maharashtra	7.61	18.01	16.08	2.91	2.62	3.64
9	Central Bank of India	1.22	2.22	1.77	1.92	2.25	3.53
10	UCO Bank	0.22	0.6	0.75	1.74	1.56	3.22
Private Sector Banks							
1	HDFC Bank	2.03	4.45	3.92	2.54	NA	4.08
2	ICICI Bank	0.11	0.21	0.2	0.19	0.16	0.13
3	Axis Bank	0.95	NA	0.7	1.39	NA	NA
4	Bandhan Bank	0.22	0.78	0.93	0.05	2.89	1.28
5	IDBI Bank	3.1	5.15	3.42	1.79	1.56	1.77
6	Kotak Mahindra Bank	0.05	1.76	0	0.01	0.04	NA
7	IndusInd Bank	0.38	3.12	1.15	2.13	NA	0.17
8	Jammu & Kashmir Bank	0.4	0.42	0.76	0.93	0.63	1.26
NBFCs							
1	Shriram Tranport Finance Company Ltd.	NA	NA	0	0.31	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	4.52	NA	NA

NBFCs-MFIs							
1	Samasta Microfinance Limited	13.04	NA	0.54	0.85	2.79	NA
2	Grameen Koota Financial Services Private Limited	0.04	NA	0.3	0.47	NA	NA
3	Arohan Financial Services Pvt. Ltd.	0.33	NA	0.36	1.25	NA	NA
4	Svatantra Microfin Pvt Ltd.	0.08	4.44	0	1.19	NA	3.77
SMALL FINANCE BANKS							
1	Ujjivan Small Finance Bank	1.55	NA	0.72	0.05	9.52	0.08

Table NPA Accounts per cent for Kishore category (against number of accounts)

Sl. No	Name of Financial Institution	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks							
1	Union Bank of India	2.09	2.53	6.37	9.9	7.34	9.84
2	Bank of Baroda	6.41	5.6	5.12	6.01	4.09	4.44
3	Bank of India	3.05	5.23	6.37	6.62	6.3	7.24
4	State Bank of India	5.24	4.16	6.9	16.01	13.22	11.61
5	Punjab National Bank	3.6	8.75	11.22	14.3	14.42	14.62
6	Canara Bank	2.64	4.41	4.98	5.84	8.36	8.77
7	Indian Bank	3.07	7.58	6.58	9.43	6.88	10.47
8	Bank of Maharashtra	5.1	10.44	10.48	10.41	9.37	10.9
9	Central Bank of India	1.93	3.34	4.39	7.58	6.54	7.59
10	UCO Bank	0.74	1.41	2.3	4.58	4.12	5.88
Private Sector Banks							
1	HDFC Bank	2.4	3	1.65	1.05	NA	1.05
2	ICICI Bank	0.76	1.8	1.99	2.53	3.26	1.75
3	Axis Bank	0.49	NA	1.17	0.72	NA	NA
4	Bandhan Bank	0	0	0.41	1.1	1.4	2.64
5	IDBI Bank	3.82	7.32	7.9	10.78	11.43	11.45
6	Kotak Mahindra Bank	0	0.95	0.84	1.53	0.57	NA

7	IndusInd Bank	0.48	1.76	1.67	0.9	NA	10.98
8	Jammu & Kashmir Bank	0.48	0.39	0.45	1.02	0.83	0.94
NBFCs							
1	Shriram Tranport Finance Company Ltd.	NA	NA	0	0.04	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	0	NA	NA
NBFCs-MFIs							
1	Samasta Microfinance Limited	0	NA	0	0	0	NA
2	Grameen Koota Financial Services Private Limited	0	NA	0.03	1.16	NA	NA
3	Arohan Financial Services Pvt. Ltd.	2.35	NA	5.53	2.42	NA	NA
4	Svatantra Microfin Pvt Ltd.	0	0	0	0	NA	2.78
SMALL FINANCE BANKS							
1	Ujjivan Small Finance Bank	3.53	NA	2.49	0.03	9.59	0.11

Table NPA Accounts per cent for Tarun category (against number of accounts)

Sl. No	Name of Financial Institution	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks							
1	Union Bank of India	2.05	2.77	4.78	6.97	5.67	6.61
2	Bank of Baroda	2.15	2.73	2.55	4.84	2.56	2.76
3	Bank of India	2.41	4.54	5.17	5.36	4.68	5.19
4	State Bank of India	1.99	1.14	1.78	2.85	2.25	1.96
5	Punjab National Bank	2.01	5.31	5.72	7.4	8.9	7.99
6	Canara Bank	1.64	3.1	2.64	3.01	5.07	4.8
7	Indian Bank	1.74	7.12	5.79	8.35	7.15	8.7
8	Bank of Maharashtra	3.26	4.67	4.46	4.48	4.24	4.32
9	Central Bank of India	0.64	1.4	2.12	4.67	3.83	4.02
10	UCO Bank	0.66	1.02	1.26	3	2.92	3.44
Private Sector Banks							
1	HDFC Bank	1.53	2.04	1.58	1.49	NA	2.56

2	ICICI Bank	0.78	1.65	1.97	2.73	4.04	1.8
3	Axis Bank	0.72	NA	1.46	0.97	NA	NA
4	Bandhan Bank	0	0	0	0	0.13	0.7
5	IDBI Bank	3.46	7.24	6.85	7.75	7.62	8.47
6	Kotak Mahindra Bank	0.02	1.05	1.31	2.07	2.86	NA
7	IndusInd Bank	0.14	0.89	1.11	0.69	NA	0.94
8	Jammu & Kashmir Bank	0.22	0.22	0.31	1	0.93	1
NBFCs							
1	Shriram Tranport Finance Company Ltd.	NA	NA	0	0.05	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	0	NA	NA
NBFCs-MFIs							
1	Samasta Microfinance Limited	0	NA	0	0	0	NA
2	Grameen Koota Financial Services Private Limited	0	NA	0	0	NA	NA
3	Arohan Financial Services Pvt. Ltd.	0	NA	0	4.1	NA	NA
4	Svatantra Microfin Pvt Ltd.	0	0	0	0	NA	0
SMALL FINANCE BANKS							
1	Ujjivan Small Finance Bank	0	NA	0	0	4.6	0

Table Total NPA Accounts per cent (against number of accounts)

Sl. No	Name of Financial Institution	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks							
1	Union Bank of India	2.81	3.41	6.49	9.33	6.4	9.86
2	Bank of Baroda	4.65	5.57	4.19	4.26	3.16	3.03
3	Bank of India	3.4	5.03	5.77	5.58	4.78	5.73
4	State Bank of India	4.34	3.48	3.65	5.13	4.9	6.45
5	Punjab National Bank	2.54	5.14	6.69	8.48	10.83	10.89
6	Canara Bank	3.1	4.66	4.31	4.32	5.76	6.42
7	Indian Bank	1.87	7.12	4.97	6.72	5.23	8.68

8	Bank of Maharashtra	5.97	12.33	11.28	4.82	3.93	4.84
9	Central Bank of India	1.28	2.38	2.22	2.95	3.08	4.26
10	UCO Bank	0.31	0.79	1.1	2.44	2.21	3.9
Private Sector Banks							
1	HDFC Bank	2.04	4.36	3.78	2.44	NA	3.8
2	ICICI Bank	0.29	0.64	0.73	0.9	1.23	0.66
3	Axis Bank	0.92	NA	0.73	1.36	NA	NA
4	Bandhan Bank	0.22	0.73	0.86	0.18	2.6	1.63
5	IDBI Bank	3.25	5.72	4.67	4.27	4.5	4.86
6	Kotak Mahindra Bank	0.04	1.7	0.08	0.16	0.16	NA
7	IndusInd Bank	0.39	2.97	1.19	2.02	NA	1.27
8	Jammu & Kashmir Bank	0.44	0.38	0.5	1	0.79	1.03
NBFCs							
1	Shriram Tranport Finance Company Ltd.	NA	NA	0	0.05	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	4.52	NA	NA
NBFCs-MFIs							
1	Samasta Microfinance Limited	13.04	NA	0.54	0.85	2.79	NA
2	Grameen Koota Financial Services Private Limited	0.04	NA	0.29	0.51	NA	NA
3	Arohan Financial Services Pvt. Ltd.	0.33	NA	0.37	1.25	NA	NA
4	Svatantra Microfin Pvt Ltd.	0.08	4.44	0	1.19	NA	3.65
SMALL FINANCE BANKS							
1	Ujjivan Small Finance Bank	1.57	NA	0.76	0.05	9.52	0.08

Table NPA Amount per cent for Shishu category (against disbursement)

Sl. No	Name of Financial Institution	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks							
1	Union Bank of India	4.36	4.42	6.98	8.48	5.63	7.48
2	Bank of Baroda	6.06	6.8	3.84	3.83	3.04	2.47

3	Bank of India	4.67	5.85	7.36	8.45	6.06	5.3
4	State Bank of India	30.3	6.5	3.73	2.5	3.48	2.75
5	Punjab National Bank	7.42	12.63	14.12	13.7	14.65	12.83
6	Canara Bank	4.81	4.75	4.43	4.44	7.43	6.32
7	Indian Bank	4.41	8.08	5.67	5.09	6.47	7.99
8	Bank of Maharashtra	8.87	20.41	18.26	4.43	3.13	2.96
9	Central Bank of India	5.12	9.44	6.82	8.23	7.36	8.76
10	UCO Bank	0.43	1.04	1.99	3.09	3.07	4.97
Private Sector Banks							
1	HDFC Bank	0.91	1.44	1.02	0.53	NA	1.73
2	ICICI Bank	0.1	0.22	0.07	0.07	0.09	0.07
3	Axis Bank	0.31	NA	0.12	0.5	NA	NA
4	Bandhan Bank	0.17	0.42	0.39	0.03	2.59	0.74
5	IDBI Bank	3.05	3.68	2.44	1.48	1.14	1.24
6	Kotak Mahindra Bank	0.03	0.22	0.01	0.01	0.01	NA
7	IndusInd Bank	0.36	1.14	0.53	0.91	NA	0.29
8	Jammu & Kashmir Bank	0.42	0.4	0.54	0.58	0.54	0.54
NBFCs							
1	Shriram Tranport Finance Company Ltd.	NA	NA	0	0.22	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	2.16	NA	NA
NBFCs-MFIs							
1	Samasta Microfinance Limited	1.95	NA	0.22	0.91	1.49	NA
2	Grameen Koota Financial Services Private Limited	0.02	NA	0.18	0.27	NA	NA
3	Arohan Financial Services Pvt. Ltd.	0.17	NA	0.16	0.78	NA	NA
4	Svatantra Microfin Pvt Ltd.	0.03	2.57	0	0.53	NA	1.37
SMALL FINANCE BANKS							
1	Ujjivan Small Finance Bank	1.7	NA	0.31	0.05	4.84	0.06

Table NPA Amount per cent for Kishore category (against disbursement)

Sl. No	Name of Financial Institution	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks							
1	Union Bank of India	1.73	2.11	4.53	6.79	5.43	7.13
2	Bank of Baroda	4.61	3.97	3.99	4.35	2.81	3.17
3	Bank of India	2.82	4.38	4.98	4.95	5.15	5.85
4	State Bank of India	3.27	2.57	4.01	8.15	6.38	5.19
5	Punjab National Bank	3.39	7.99	9.33	10.98	11.58	12.21
6	Canara Bank	2.21	3.49	3.42	3.84	6.25	6.38
7	Indian Bank	2.6	6.79	4.83	4.66	5.04	8.05
8	Bank of Maharashtra	4.16	7.35	8.13	8.06	7.57	8.57
9	Central Bank of India	1.29	2.24	3.16	5.37	4.76	5.12
10	UCO Bank	0.67	1.28	2.06	4.22	3.92	5.24
Private Sector Banks							
1	HDFC Bank	1.28	1.38	0.87	0.65	NA	0.73
2	ICICI Bank	0.57	1.29	1.28	1.44	1.89	0.9
3	Axis Bank	0.41	NA	0.75	0.35	NA	NA
4	Bandhan Bank	0	0	0.24	1.61	0.91	2.11
5	IDBI Bank	2.26	4.32	4.49	6.18	6.34	6.14
6	Kotak Mahindra Bank	0	0.22	0.59	0.92	1.27	NA
7	IndusInd Bank	0.21	0.72	0.78	0.44	NA	1.69
8	Jammu & Kashmir Bank	0.35	0.27	0.3	0.58	0.55	0.06
NBFCs							
1	Shriram Tranport Finance Company Ltd.	NA	NA	0	0.03	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	0	NA	NA
NBFCs-MFIs							
1	Samasta Microfinance Limited	0	NA	0	0	0	NA
2	Grameen Koota Financial Services Private Limited	0	NA	0.03	0.87	NA	NA
3	Arohan Financial Services Pvt. Ltd.	1.33	NA	1.69	2.04	NA	NA

4	Svatantra Microfin Pvt Ltd.	0	0	0	0	NA	0.99
SMALL FINANCE BANKS							
1	Ujjivan Small Finance Bank	3.72	NA	1.58	0.03	6.22	0.08

Table NPA Amount per cent for Tarun category (against disbursement)

Sl. No	Name of Financial Institution	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks							
1	Union Bank of India	2.32	2.76	4.53	5.93	5.07	5.7
2	Bank of Baroda	1.84	2.13	2.35	3.74	2.05	2.35
3	Bank of India	2.46	4.37	4.62	4.26	4.08	4.65
4	State Bank of India	1.68	0.97	1.49	2	1.61	1.55
5	Punjab National Bank	2.12	5.22	5.31	5.97	7.91	7.1
6	Canara Bank	1.6	2.77	2.23	2.49	4.28	3.93
7	Indian Bank	1.6	6.51	4.5	6.74	5.88	7.27
8	Bank of Maharashtra	2.94	3.67	4.09	3.99	3.69	3.42
9	Central Bank of India	0.56	1.2	1.83	4.02	3.29	3.35
10	UCO Bank	0.66	0.97	1.2	2.9	2.92	3.48
Private Sector Banks							
1	HDFC Bank	1.16	1.41	0.99	0.97	NA	1.72
2	ICICI Bank	0.64	1.31	1.38	1.67	2.5	0.96
3	Axis Bank	0.63	NA	0.99	0.52	NA	NA
4	Bandhan Bank	0	0	0	0	0.13	0.56
5	IDBI Bank	2.73	5.31	4.68	5.14	5.08	5.15
6	Kotak Mahindra Bank	0.03	0.66	0.76	1.1	1.62	NA
7	IndusInd Bank	0.11	0.63	0.73	0.42	NA	0.6
8	Jammu & Kashmir Bank	0.26	0.23	0.31	0.82	0.79	0.08
NBFCs							
1	Shriram Tranport Finance Company Ltd.	NA	NA	0	0.06	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	0	NA	NA

NBFCs-MFIs							
1	Samasta Microfinance Limited	0	NA	0	0	0	NA
2	Grameen Koota Financial Services Private Limited	0	NA	0	0	NA	NA
3	Arohan Financial Services Pvt. Ltd.	0	NA	0	0.74	NA	NA
4	Svatantra Microfin Pvt Ltd.	0	0	0	0	NA	0
SMALL FINANCE BANKS							
1	Ujjivan Small Finance Bank	0	NA	0	0	2.41	0

Table Total NPA Amount per cent (against disbursement)

Sl. No	Name of Financial Institution	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Public Sector Banks							
1	Union Bank of India	2.19	2.48	4.6	6.6	5.31	6.61
2	Bank of Baroda	3.79	3.48	3.33	4.05	2.49	2.75
3	Bank of India	2.93	4.37	5.1	4.99	4.81	5.31
4	State Bank of India	4.25	1.97	2.65	4.2	3.48	2.9
5	Punjab National Bank	3.41	7.37	8.11	9.06	10.14	9.79
6	Canara Bank	2.37	3.43	3.08	3.35	5.59	5.36
7	Indian Bank	2.46	6.51	4.79	5.41	5.49	7.76
8	Bank of Maharashtra	3.95	6.27	6.55	5.75	5.17	5.33
9	Central Bank of India	1.42	2.42	2.86	4.96	4.3	4.55
10	UCO Bank	0.61	1.16	1.81	3.66	3.49	4.61
Private Sector Banks							
1	HDFC Bank	1.05	1.41	0.98	0.66	NA	1.44
2	ICICI Bank	0.55	1.16	1.18	1.38	2	0.84
3	Axis Bank	0.44	NA	0.53	0.48	NA	NA
4	Bandhan Bank	0.17	0.37	0.36	0.33	1.96	1.37
5	IDBI Bank	2.58	5.31	4.3	5.04	5.05	5.05

6	Kotak Mahindra Bank	0.02	0.5	0.43	0.67	0.72	NA
7	IndusInd Bank	0.27	0.92	0.63	0.74	NA	0.7
8	Jammu & Kashmir Bank	0.33	0.26	0.31	0.66	0.63	0.08
NBFCs							
1	Shriram Tranport Finance Company Ltd.	NA	NA	0	0.05	NA	NA
2	L&T Finance Ltd.	NA	NA	NA	2.16	NA	NA
NBFCs-MFIs							
1	Samasta Microfinance Limited	1.95	NA	0.22	0.91	1.5	NA
2	Grameen Koota Financial Services Private Limited	0.02	NA	0.17	0.37	NA	NA
3	Arohan Financial Services Pvt. Ltd.	0.17	NA	0.16	0.79	NA	NA
4	Svatantra Microfin Pvt Ltd.	0.03	2.57	0	0.53	NA	1.3
SMALL FINANCE BANKS							
1	Ujjivan Small Finance Bank	1.76	NA	0.39	0.04	5.09	0.06

Disclaimers

1. This report has been prepared exclusively for NITI Aayog ("Client") based on the terms of the Letter of Invitation dated 31st December 2021 issued by Client, KPMG Advisory Services Private Limited's ("KPMG" or "we") proposal for services dated 21st January 2022, the Letter of Award issued to KPMG dated 28th February 2022, and the bond form dated 11th March 2022 (collectively 'Contract').

2. The performance of KPMG's services and the report issued to the Client are based on and subject to the terms of the Contract.

3. This report sets forth our views based on the completeness and accuracy of the facts stated to KPMG and any assumptions that were included. If any of the facts and assumptions is not complete or accurate, it is imperative that we be informed accordingly, as the inaccuracy or incompleteness thereof could have a material effect on our conclusions.

4. While performing the work, we assumed the genuineness of all signatures and the authenticity of all original documents. We have not independently verified the correctness or authenticity of the same.

5. We have not performed an audit and do not express an opinion or any other form of assurance. Further, comments in our report are not intended, nor should they be interpreted to be legal advice or opinion.

6. While information obtained from the public domain or external sources has not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information.

7. Our views are not binding on any person, entity, authority or Court, and hence, no assurance is given that a position contrary to the opinions expressed herein will not be asserted by any person, entity, authority and/or sustained by an appellate authority or a Court of law.

8. Performance of our work was based on information and explanations given to us by key stakeholders of the project. Neither KPMG nor any of its partners, directors or employees undertake responsibility in any way whatsoever to any person in respect of errors in this report, arising from incorrect information provided by the Client.

9. Our report may make reference to ‘KPMG Analysis’; this indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented; we do not accept responsibility for the veracity of the underlying data.

10. In accordance with its policy, KPMG advises that neither it nor any of its partner, director or employee undertakes any responsibility arising in any way whatsoever, to any person other than Client in respect of the matters dealt with in this report, including any errors or omissions therein, arising through negligence or otherwise, howsoever caused.

11. In connection with our report or any part thereof, KPMG does not owe duty of care (whether in contract or in tort or under statute or otherwise) to any person or party to whom the report is circulated to and KPMG shall not be liable to any party who uses or relies on this report. KPMG thus disclaims all responsibility or liability for any costs, damages, losses, liabilities, expenses incurred by such third party arising out of or in connection with the report or any part thereof.

12. By reading our report, the reader of the report shall be deemed to have accepted the terms mentioned hereinabove