Performance Analysis of Mudra Scheme-The Comparative Study of Selected Public and Private Sector Banks

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***Abstract*—The Pradhan Mantri Mudra Yojana (PMMY) initiated in 2015 remains an important instrument in fostering financial inclusion through the extension of collateral-free loans under its Shishu, Kishore, and Tarun segments. "Performance Analysis of MUDRA Scheme: A Comparative Study of Selected Public and Private Sector Banks" evaluates the performance of ten banks (five public and five private) for 2019–2024 based on secondary data. Analysis includes sanction and disbursement trends, category-wise breakup, and efficiency ratios. Findings reveal that private sector banks like IndusInd Bank and Bandhan Bank had a consistent 100% disbursement, while the State Bank of India stood out as a top performer among public sector banks. Conversely, banks such as Union Bank of India and Punjab National Bank experienced discrepancies between sanctions and disbursements. The scheme is characterized by Shishu and Kishore loans, funding first-time and small business entrepreneurs. The study finds that PMMY has promoted entrepreneurship, even though enhancing rural outreach and filling disbursement gaps can increase its overall effectiveness.**

***Index Terms*—Pradhan Mantri Mudra Yojana (PMMY), Financial Inclusion, Public and Private Sector Banks, Entrepreneurship Development, Loan Performance Analysis.**

I. INTRODUCTION

The Pradhan Mantri Mudra Yojana (PMMY), launched in 2015 by the Government of India, was created to help small businesses and entrepreneurs – especially those who usually don’t get easy access to bank loans. These businesses often operate in the informal sector and struggle to grow because they lack funding.

The study titled “An Analysis of loans under Different Categories – Study on MUDRA Scheme” focuses on understanding how these loans are given, who uses them the most, and their overall impact on business growth and job creation. It also looks into how loans are used in different regions and among various groups like women, SC/ST and OBC entrepreneurs and highlights the difficulties people face in getting and using these loans effectively.

This study is especially important because small and micro businesses are the backbone of India’s economy. They help create jobs, reduce poverty and boost development in rural and semi-urban areas. By closely examining how the different types of MUDRA loans – Shishu, Kishore, Tarun and Tarun Plus – are performing, we can better understand where the scheme is working well and where improvements are needed.

II. STATEMENT OF THE PROBLEM

The process of loan disbursement to tiny industries is frequently hindered by factors such as regret collateral requirements in the documentation procedure, lack of awareness about financial schemes, poor credit histories and neurocritic delays.

Many financial institutions tend to pursue tiny industries high risk borrowers due to their limited scale, informal operations and lack of financial literacy as a result even when the credit is sanction the actual disbursements of loans is delayed or falls short of the required amount affecting the operational capacity growth prospects and sustainability the study aims to identify and analyze the performance out for

Pradhan Mantri Mudra Yojana among public sector and private sector banks.

III. NEED FOR THE STUDY

The study looks at how different banks – both public and private – have performed under the Pradhan Mantri Mudra Yojana (PMMY) between 2019 and 2024, focusing on three loan types: Shishu, Kishore and Tarun. Here's why this research matters:

1. A Fresh way to Look at the Scheme:

Most earlier studies focused on how different states have used MUDRA loans. But this study looks at things from a bank's point of view, offering a new perspective on how the scheme is being carried out by individual financial institutions.

2. Checking How Efficient Banks Really are:

It helps us understand which banks are quick, effective and reach more people when giving out MUDRA loans – and which ones might need to improve.

3. Comparing Public and Private Banks:

By studying both types, we can see who's doing a better job in helping small businesses. This helps us understand the different ways banks operate and support entrepreneurs.

IV. OBJECTIVES OF THE STUDY

Here are key objectives of the study focusing on the comparative performance of PMMY schemes bank-wise (2019-2024) based on 5 selected public and private sector banks.

1. To study the financial performance of selected banks under MUDRA scheme.
2. To assess and compare the loan disbursement level of banks under MUDRA scheme.
3. To identify the major sector preferred on MUDRA Scheme loans.

V. LITRATURE REVIEW

1. DR. BABITA DUBEY AND AMIT CHAUDHARY (2025).

This study analyzed why Non-performing Assets (NPAs) are rising in Canara Bank and how they affect its profit. Using surveys and statistical tests, researchers found that socio-economic factors largely drive loan defaults and employee understanding of NPA rules needs improvements. Surprisingly, NPAs don't immediately reduce profits but can threaten long-term stability. Better employee training and stronger NPA management strategies are key to protecting the bank's financial health.

2. MR. FASI UR REHMAN AND MS. T. VARA LAKSHMI (2024)

This study examines how Indian banks have performed in areas like investments, deposits, advances and NPAs (non-performing assets), especially comparing public and private banks. Using data from six major banks and secondary sources, the study identifies key differences in efficiency and risk levels. It aims to understand factors affecting bank performance, especially under economic shifts and digital changes. Findings show that SBI consistently leads in deposits and advances, while HDFC maintains the lowest NPAs. Suggestions include improving risk management, tracking NPAs closely and boosting digital innovation in banking. In conclusion, stronger regulation, smart investments and tech adoption are essential for a healthier, more stable Indian banking system.

3. DR. AJAY KUMAR (2024).

This study explored how the National Rural Health Mission (NRHM) has improved rural healthcare in India, especially for women and children. Using government reports and health data, the study showed that the mission successfully reduced material and infant mortality rates but faced slow progress and funding challenges. While healthcare access and infrastructure expanded, issues like social inequality and rural-urban gaps remain. The study suggests improving fund management, ensuring quality care, and focusing on equal access to strengthen rural health outcomes.

4. RAM PRAKASH PANDEY AND MANO SHRIJIT TRIPATHI (2023)

This study examined how the Pradhan Mantri Mudra Yojana (PMMY) has supported small businesses while also impacting non-performing assets (NPAs) in banks. Using seven years of secondary data, it was found that although the scheme boosted financial inclusion, NPAs –especially in Shishu category loans – rose due to low business knowledge. The research suggests better training, stricter loan monitoring and introducing collateral to control defaults. Overall, PMMY has transformed the MSME sector, generating employment and supporting economic growth despite its challenges.

5. MORE KAVERI ANNASHEB (2023).

This study analyzes HDFC Bank's loan and advance products, comparing them with other banks in India using secondary data. It finds that HDFC offers a wide range of loans – personal, home, vehicle and business– with competitive interest rates and quick processing. The research uses descriptive analysis and purposive sampling to assess loan features like disbursal time and customer service. Findings show HDFC Bank's strength lies in fast approvals and user-friendly services. However, the study lacks primary customer feedback and real-time market insight. It concludes that HDFC Bank's loan offerings are robust, but more customer-based research is needed.

6. BODIKE RANI, G. SRINIVAS (2022)

This study highlights how loans and advances from Public Sector Banks (PSBs), help businesses grow by offering affordable credit. Using five years of RBI and bank data, along with expert interviews, it assesses the performance of SBI and nationalized banks. The objectives included analyzing different types of loans, bill financing and demand loans. Findings showed term loans were the most significant contributor to overall advances. To improve lending performance, the study suggests boosting short-term loans, better liquidity management, and secured lending to wider groups. It concludes that PSBs not only meet credit needs but also support India's economic development responsibly.

7. DR. G. V. SREENIVASAMURTHY (2022).

This study traces the journey of the Indian banking sector- from its historical roots to the digital future– highlighting key reforms, nationalization and the impact of liberalization. Using secondary sources, the study analyzes how banks adapted to globalization, technology and changing customer needs. It finds that digital banking, UPI, and government initiatives like Jan Dhan Yojana have boosted financial inclusion and growth. The conclusion points to a bright digital future for banking in India, with technology playing a central role in transforming customer experience and operations.

8. AVISHEK ROY (2022)

This study explores why Non-Performing Assets (NPAs) grew in India's banks, especially after the 2008 financial crisis, using insights from RBI officials' speeches, papers and policies. It aims to understand the policy errors, weak project funding and promoter inaction that caused bad loans to pile up. The methodology involves deep analysis of RBI literature, speeches and credit data from 2019 to 2024. Findings reveal poor credit appraisal, over-lending during economic booms, and a lack of follow-up on loans as key causes. In response, RBI introduced reforms like assets quality review, CRILC, SDR and IBC to tackle bad loans more effectively. The study concludes that stronger monitoring and responsible lending are essential to avoid repeating past mistakes.

9. SHANSHANK B. S. AND SURESHRAMANA MAYYA (2022).

This study examined the impact of the Pradhan Mantri Mudra Yojana (PMMY) on India's banking sector and small businesses. Using government reports, financial data, and SWOC analysis, it found that PMMY loans, especially in the Shishu category, empowered micro-entrepreneurs and women but faced challenges like rising NPAs. The study suggests better awareness, skill training and loan diversification to strengthen the scheme. Overall, PMMY has greatly supported small businesses and job creation while calling for improved monitoring to ensure long-term success.

10. DR. BHADRAPPA HARALAYYA AND SREERAMANA AITHAL (2021)

The study examines how India's banking sector evolved after the 1990s liberalization, focusing on performance, reach and innovation. Using RBI reports and financial indicators, it analyses changes in branch networks, deposit-credit ratios, profitability and NPAs. The study finds that urban and semi-urban banking expanded., while rural outreach declined. Technological upgrades like ATMs, mobile banking, and RTGS significantly improved service delivery. Despite economic slowdowns, Indian banks remained strong due to regulatory support and better asset quality. Overall, the sector has shown resilience, growth, and improved efficiency – though challenges like rural reach and NPA control still remain.

11. YOJNA BANSAL, DR. HARSH PUOHIT AND DR. VIJAYA KUMAR (2021).

This study investigates how rising Non-Performing Assets (NPAs) have impacted the profitability of Bank of Baroda (BOB) over a 10-year period. Using financial reports and correlation analysis, it finds a strong negative link between NPAs and the bank's profits. Despite growth in deposits and revenue, profits declined due to high provisioning for bad loans. The study suggests that better loan appraisal, post-loan audits, and strong recovery mechanisms like

SARFAESI and IBC are essential to manage and reduce NPAs.

12. KATTA HARICHANDANA AND MR MD. SOHAIL BABA (2020).

This study explores how commercial banks, especially Agrasen Urban Cooperative Bank, support economic growth through various loan and credit schemes. It uses both primary (interviews, discussions) and secondary (reports, websites) data over five years to analyze loan performance. The study highlights growth in mortgage, vehicle and term loans with fluctuating t rends based on economic factors and borrower's needs. Findings show rising demand for loans and the bank's role in financing businesses and customers. It recommends better credit management and customer-centric loan planning. Overall, the study confirms that loans and advances are critical tools in driving banking and economic development.

13. K. ROBERT AND DR. V. RAMAKRISHNAN (2020)

This study compares the financial performance of ICICI and HDFC Bank over five years (2015-2020), focusing on key indicators like deposits, advances, income and profit. Using annual reports and financial ratios, it finds that HDFC Bank consistently outperformed ICICI Bank in profitability, income growth, and efficiency. ICICI showed higher variability, while HDFC maintained steady growth and better management of costs and income sources. The study suggests improving ICICI's operational strategy and encourages data-driven decision-making to enhance performance.

14. K SUBBAREDDYA (2020)

This study explores how commercial banks in India have contributed to economic growth between 2011 and 2019, especially in sectors like agriculture, industry, and trade. Using data from public sector banks like SBI and others, it investigates their role in mobilizing resources, priority sector lending, and supporting rural and urban development. The key finding is that banks played a vital role in capital formation, financial inclusion, and credit expansion, though challenges like non-performing assets (NPAs) remain. Solutions included capital infusion, policy reforms, and expanded financial inclusion schemes like PMJDY. The research suggests banks must improve credit monitoring and support weaker sectors like agriculture more effectively. In conclusion, banks are essential drivers of inclusive and balanced economic development in India.

15. DR. S. SANGEETHA (2020)

This study compared the financial performance of public and private banks in India using five years of CAMEL- based data. It found that private banks, especially HDFC Bank, consistently outperformed public banks in asset quality, earnings and management efficiency. Public banks faced challenges like rising bad loans and weak customer service. The study suggests that public banks must quickly modernize, improve customer care and strengthen loan policies to remain competitive.

16. ANNU (2019).

This study explores how Bandhan transformed from a microfinance NGO to full-fledged bank, focusing on financial inclusion and women empowerment. Using ratio analysis, it found that Bandhan Bank showed strong financial growth in terms of ROE, ROA, and capital adequacy, though its NPAs are slowly rising. The study highlights Bandhan's success in expanding reach and operations post-bank conversion. It concludes that while overall performance is promoting, managing rising NPAs is crucial for long-term stability.

17. LAVUDI VIJAY (2019).

This study compared the financial performance of HDFC Bank and Punjab National Bank (PNB) using five years financial data. The analysis showed that HDFC consistently outperformed PNB in profitability, asset management, and loan recovery. PNB struggled with rising non-performing assets and declining profits. The study suggests that PNB must improve credit policies and financial strategies to stay competitive and financially healthy.

18. DR. JEEVAN CHANDRA UPADHYAY (2019)

This study compared how five major public sector banks in India manage non-performing assets (NPAs). Using five years of financial data and statistical tools, it analyzed their performance and stability. The research found that while some difference exists, particularly in specific asset ratios, SBI consistently outperformed others. These insights help banks focus on stronger asset management to build a healthier financial system.

19. NARSAIAH NERALLA (2018).

This study explores how India's 2016 demonetisation impacted loans and advances at SBI, the country's largest public sector bank. Using a case study method and secondary data from 2014-2018, it compared pre- and post- demonetisation lending patterns. The objective was to see whether demonetization significantly influenced SBI's credit activity. Findings show that although deposits and liquidity rose, there was no statistically significant impact on SBI's overall lending. The study recommends improving credit policy flexibility to better serve small businesses, which were hit hardest. In conclusion, while demonetization aimed to curb black money and boost digital banking, its effect on SBI's lending was limited in the short term.

20. AMBUJ TIWARI AND VIPUL GARG (2018).

This study examines the growing issue of Non-Performing Assets (NPAs) in Indian banks and how it weakens both banks and the economy. Using secondary data from public and private banks, it finds that mismanaged loans and poor recovery systems are major causes of rising NPAs. These bad loans reduce bank profitability, raise interest rates, and lower investor confidence, harming economic growth. The study suggests early risk checks, stricter loan monitoring and strong recovery mechanisms to reduce future NPAs.

RESEARCH GAP

Past studies have conducted research on three schemes of Pradhan Mantri Mudra Yojana according to state wise performance till 2023. The current is focusing on comparative studies of performance of the schemes Bank wise from 2019 to 2024.

SCOPE OF THE STUDY:

This study focuses on comparing how well five selected public and private sector banks have performance in implementing the three types of MUDRA loans – Shishu, Kishore and Tarun –between 2019 and 2024

VI. RESEARCH METHODOLOGY

- Data Collection Method : Secondary Data
- Types of Statistics : Descriptive Statistics
- Types of Data : Cross Sectional Data
- Statistical Tools : Graphs and Diagrams
- Sample Size : 10

SAMPLES

Public Sector Banks	Private Sector Banks
1. State Bank Of India	1. Induslnd Bank.
2. Bank Of Baroda.	2. Bandhan Bank
3. Union Bank Of India.	3. IDFC Bank.
4. Canara Bank.	4. Axis Bank.
5. Punjab National Bank.	5. HDFC Bank.

1. FINANCIAL YEAR 2019-20 PUBLIC SECTOR (IN CRORES)

BANKS NAMES	SANCTION AMOUNT	DISBURSEMENT AMOUNT
State Bank of India	35124.87	34977.76
Bank of Baroda	10281.79	10182.01
Canara Bank	3642.63	3071.54
Union Bank of India	9489.12	8998.07
Punjab National Bank	2340.7	2299.41

INTERPRETATION:

In 2019-20, most public sector banks like SBI and Bank of Baroda disbursed nearly all of the funds they approved Canara Bank lagged behind, disbursing only about 84% of its sanctioned amount.

2. FINANCIAL YEAR 2019-20 PRIVATE SECTOR (IN CRORES)

BANKS NAMES	SANCTION AMOUNT	DISBURSEMENT AMOUNT
Induslnd Bank	38199.43	38199.43
Bandhan Bank	14755.25	14755.25

IDFC Bank Limited	12491.56	12485.49
Axis Bank	4025.76	4025.76
HDFC BANK	8149.26	8149.26

INTERPRETATION:

In 2019-20, private banks like Induslnd Bank, Bandhan Bank and Axis Bank fully disbursed the exact amount they sanctioned, showing 100% efficiency. IDFC Bank and HDFC Bank also performed strongly, with only a tiny difference between sanctioned and disbursed amounts. Overall, all five private sectors banks showed excellent fund disbursement performance.

FINANCIAL YEAR 2020-21 PUBLIC SECTOR (IN CRORES)

BANKS NAMES	SANCTION AMOUNT	DISBURSEMENT AMOUNT
State Bank of India	37973.3	37883.67
Bank of Baroda	10259.24	10117.47
Union Bank of India	8683.34	7229.21
Canara Bank	13210.29	13117.39
Punjab National Bank	11187.02	8928.12

INTERPRETATION:

In 2020-21 State Bank of India, Bank of Baroda, and Canara Bank disbursed nearly all the funds they had sanctioned, showing strong performance. Union Bank of India and Punjab National Bank had a noticeable gap between what they approved and what they actually disbursed. Overall, most public sector banks maintained good efficiency, with a few needing improvements in fund disbursement.

4. FINANCIAL YEAR 2020-21 PRIVATE SECTOR (IN CRORES)

BANK NAME	SANCTION AMOUNT	DISBURSEMENT AMOUNT
Induslnd Bank	32334.58	32334.58
Bandhan Bank	32558.56	32558.56
IDFC Bank Limited	7513.65	7503.61
Axis Bank	3304.71	3304.71
HDFC Bank	5531.98	5531.98

INTERPRETATION:

In the financial year 2020-21, Induslnd and Bandhan Bank fully disbursed their sanctioned amounts, showing strong fund deployment. IDFC Bank slightly under-disbursed by around ₹10 crores, while Axis and HDFC Bank matched their sanctioned and disbursed amounts. Overall, private sector banks efficiently utilized sanctioned funds.

FINANCIAL YEAR 2021-22 PUBLIC SECTOR (IN CRORES)

BANK NAME	SANCTION AMOUNT	DISBURSEMENT AMOUNT
State Bank of India	28511.62	28352.89
Bank of Baroda	9912.56	9323.12
Union Bank of India	11803.11	11132.7
Canara Bank	13521.49	13418.68
Punjab National Bank	14754.21	13241.49

INTERPRETATION:

In the financial year 2021-22, State Bank of India had the highest sanctioned and disbursed amounts, closely followed by Punjab National Bank and Canara Bank. Most bank disbursed nearly their full sanctioned amounts, showing strong utilization. Bank of Baroda had the lowest figures among the five but maintained efficient disbursement.

6. FINANCIAL YEAR 2021-22 PRIVATE SECTOR (CRORES)

BANK NAME	SANCTION AMOUNT	DISBURSEMENT AMOUNT
Induslnd Bank	41944.51	41944.51
Bandhan Bank	41338.61	41338.61
IDFC Bank Limited	10109.7	10106.64
Axis Bank	5251.31	5251.31
HDFC Bank	7027.51	7027.51

INTERPRETATION:

In the 2021-22, Induslnd Bank and Band bank led the private sector with over ₹41,000 crores each in both sanctioned and disbursed amounts, showing 100% efficiency. All listed private banks disbursed the exact amount they sanctioned, indicating excellent execution. IDFC, Axis and HDFC Banks had lower volumes but maintained perfect disbursement rates.

FINANCIAL YEAR 2022-23 PUBLIC SECTOR (IN CRORES)

BANK NAME	SANCTION AMOUNT	DISBURSEMENT AMOUNT
State Bank of India	36437.72	36601.64
Bank of Baroda	14671.2	14341.26
Union Bank of India	17830.4	17244.99
Canara Bank	19234.44	19147.82
Punjab National Bank	20604.85	20370.7

INTERPRETATION:

In financial year 2022-23, Punjab National Bank led public sector banks with the highest sanctioned and disbursed amounts, followed by State Bank of India. All five banks showed high disbursement efficiency, with disbursed amounts nearly matching sanctioned figures. Canara Bank and Union Bank also performed strongly, maintaining consistent fund utilization.

8. FINANCIAL YEAR 2022-23 PRIVATE SECTOR (IN CRORES)

BANK NAME	SANCTION AMOUNT	DISBUSEMENT AMOUNT
Induslnd Bank	40543.03	40543.03
Bandhan Bank	40543.03	40386.01
IDFC Bank Limited	18291.29	18283.73
Axis Bank	8373.03	8373.03
HDFC Bank	14551.21	14551.21

INTERPRETATION:

In Financial year 2023-23, Induslnd Bank and Bandhan Bank led private sector lending with over ₹40,000crores each sanctioned and almost fully disbursed. All five private banks demonstrated excellent disbursement efficiency, with minimal gaps between sanctioned and disbursed amounts. IDFC, Axis and HDFC Banks also maintained strong performance with complete or near-complete fund utilization.

FINANCIAL YEAR 2023-24 PUBLIC SECTOR (IN CRORES)

BANK NAME	SANCTION AMOUNT	DISBURSEMENT AMOUNT
State Bank of India	43819.72	43714.32
Bank of Baroda	15770.21	15703.32
Union Bank of India	22727.93	21976.84
Canara Bank	22060.83	21985.33
Punjab National Bank	21757.58	20931.55

INTERPRETATION:
In the Financial Year 2023-24, State Bank of India had the highest sanctioned and disbursed amounts among public sector banks, crossing ₹43,000 crores. All banks, including Canara Bank and Punjab National Bank, showed excellent disbursement efficiency with nearly full utilization. Union Bank of India and Bank of Baroda also performed consistently well with minimal gap between sanction and disbursement.

10. FINANCIAL YEAR 2023-24 PRIVATE SECTOR (CRORES)

BANK NAME	SANCTION AMOUNT	DISBURSEMENT AMOUNT
Induslnd Bank	55352.23	55352.23
Bandhan Bank	47221.25	47221.25
IDFC Bank Limited	22738.6	22732.81
Axis Bank	11551.39	11551.39
HDFC Bank	14449.13	14449.13

INTERPRETATION:
In the Financial Year 2023-24, Induslnd Bank and Bandhan Bank led the private sector with over ₹55,000 crores and ₹47,000 crores sanctioned and fully disbursed. All listed banks, including IDFC, Axis and HDFC, achieved 100% fund utilization, reflecting excellent efficiency. The private sector showed strong consistency in matching disbursement with sanctioned amounts.

VII. FINDINGS

1. Private sector Banks Outperformed in Disbursement Efficiency:

Private banks like Induslnd, Bandhan Bank and Axis Bank consistently disbursed 100%of their sanctioned amounts across years, indicating strong operational efficiency and trust in micro-borrowers.

2. State Bank of India Remains the Dominant Lender:

Among public sector banks, SBI stood out with the highest sanctioned and disbursed amounts each year, showcasing its leadership and widespread reach under the MUDRA scheme.

3. Canara and Punjab National Bank Showed Improvement:

Over the years, banks like Canara Bank and Punjab National Bank improved both sanction and disbursing performance, although slight gaps persisted in disbursement in some years, signaling areas for better loan processing.

4. Loan Disbursement Gaps:

Persisted in some public Banks Union Bank and Punjab National Bank showed noticeable differences between sanctioned and disbursed amounts in certain years, suggesting operational challenges or borrower-side issues like documentation or awareness.

5. Focus on Shishu and Kishore Categories Dominates:

A large share of the loans in both public and private banks was under Shishi, and Kishore categories, showing that the scheme is strongly serving first-time and growing entrepreneurs.

6. Consistent Growth in Total Loan Volumes:

Both public and private banks steadily increased their MUDRA loan volumes from financial year 2019-20 to financial year 2022-23, indicating rising demand for micro-enterprise funding and the growing footprint of financial inclusion.

VIII. SUGGESTIONS

1. Make MUDRA Loans More Accessible in Rural Areas:

While disbursement rates are strong among private banks, outreach in remote regions needs improvements. Awareness campaigns, mobile banking units, and local language support could help reach entrepreneurs and still unaware of the scheme.

2. Strengthen Follow-up for Borrowers:

Many first-time entrepreneurs lack the knowledge to manage loans efficiently. Providing post-loan training, business mentoring and regular check-ins can reduce defaults and boost success rates.

3. Boost Financial Literacy for Women and Marginalized Groups:

With a significantly share of loans going women and SC/ST/OBC groups, tailored financial education programs can help these beneficiaries make the most of their funds and grow sustainably.

4. Encourage Public Sector Banks to Match Private Sector Efficiency:

While private banks show nearly 100% disbursement efficiency, some public banks lag behind. Sharing best practices across banks and offering performance-based incentives could improve public sector delivery.

5. Ensure Monitoring with a Human Touch:

Real-time portals are great, but data alone isn't enough. Building a feedback loop from borrowers– through surveys or interviews – can offer deeper insights into challenges they face and how services can be improved.

6. Customize Loan Products Based on Regional Needs:

Not all businesses need the same kind of support. For example, tailoring products for agriculture-related microenterprises in one region and for textile artisans in another can lead to better outcomes and repayment.

IX. CONCLUSION

The MUDRA scheme has emerged as a powerful tool in uplifting India's small entrepreneurs by offering accessible, collateral-free loans. It has especially benefited women, SC/ST/OBC communities, and first-time business owners, helping them turn ideas into income. Private banks have shown high efficiency in disbursing funds, while public banks are improving steadily. However, many borrowers still face challenges like lack of awareness, limited financial literacy, and post-loan support. Addressing these issues with training, follow-ups and localized solutions can make the scheme even more impactful. Overall, MUDRA is not just about money – it's about empowering dreams and strengthening the roosts of India's economy.

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