

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4084

ANSWERED ON:20.03.2015

MUDRA BANK

Meghwal Shri Arjun Ram ;Sundaram Shri P.R.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government proposes to set up Micro Units Development Refinance Agency (MUDRA) Bank for granting loans to small entrepreneurs in the country;
- (b) if so, the details thereof along with the criteria to avail loans from this proposed bank; and
- (c) the time by which the said bank will be operational along with the details of funds allocated by the Government for functioning of this bank?

**Answer**

(MINISTER OF STATE IN THE MINISTRY OF FINANCE) (SHRI JAYANT SINHA)

(a)to (c): Yes. The Union Finance Minister in the Union Budget 2015-16 has announced to set up a Micro Units Development and Refinance Agency (MUDRA) Bank through a statutory enactment. A sum of Rs.20,000 crore would be allocated to the MUDRA Bank from the money available from shortfalls of Priority Sector Lending for creating a Refinance Fund to provide refinance to the Last Mile Financers. Another Rs.3,000 crore would be provided to the MUDRA Bank from the budget to create a Credit Guarantee corpus for guaranteeing loans being provided to the micro enterprises.

MUDRA Bank will operate through regional level financing institutions who in turn will connect with last mile lenders such as MFIs, Small Banks, Primary Credit Cooperative Societies, Self Help Groups (SHGs), NBFC (other than MFI) and other lending institutions.

MUDRA Bank will refinance Micro-Finance Institutions through a Pradhan Mantri Mudra Yojana (PMMY). In lending, priority will be given to SC/ST enterprises. These measures will greatly increase the confidence of young, educated or skilled workers who would now be able to aspire to become first generation entrepreneurs; existing small businesses, too, will be able to expand their activities.

Since the MUDRA Bank will be set up through an enactment of law and it will take some time. To begin with, the same is being operationalised as a subsidiary of Small Industries Development Bank of India (SIDBI).