

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:874

ANSWERED ON:24.07.2015

Mudra Bank

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Will the Minister of FINANCE be pleased to state:

- (a) whether Micro Units Development Refinance Agency (MUDRA) Bank provide financial assistance to self employment, small and medium enterprises as per their requirement;
- (b) if so, the details thereof along with the number of branches opened/proposes to be opened State/UT-wise including in Maharashtra;
- (c) whether MUDRA Bank provide loans to Non Banking Finance Companies (NBFCs) for further lending to small entrepreneurs, if so, the details thereof;
- (d) the details of regulatory body set up/proposed to be set up to regulate loans disbursed by MUDRA Bank;
- (e) whether the MUDRA Bank has expanded its operations to rural areas in the country and if so, the details thereof along with the target fixed, loan disbursed and interest being charged by the MUDRA Bank on various loans; and
- (f) the steps taken/being taken by the Government to provide financial assistance to self employment and Micro, Small and Medium Enterprises (MSME)?

Answer

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

(a) In Union Budget 2015-16, it was announced to set up a Micro Units Development and Refinance Agency (MUDRA) Bank through a statutory enactment. Since enactment of law will take time, to begin with, Micro Units Development & Refinance Agency Ltd. (MUDRA) has been launched on April 8, 2015 as a subsidiary company of Small Industries Development Bank of India (SIDBI). MUDRA provides refinance support to Last Mile Financiers (LMFs) such as Non Banking Finance Companies (NBFCs) engaged in financing small business, Scheduled Commercial Banks, Regional Rural Banks (RRBs), Cooperative Banks and other financial intermediaries which are in the business of lending to micro / small business entities engaged in manufacturing, trading and service activities.

(b) There are no separate branches opened by MUDRA. It has begun its operations from its Corporate Office at MSME Development Centre, SIDBI, Mumbai and all the Branch Offices and Regional Offices of Small Industries Development Bank of India (SIDBI) have been designated as the Nodal Offices of MUDRA.

(c) Non-farm and income generating loans upto Rs.10 lakh granted by NBFCs, which meet the eligibility criteria for assistance by MUDRA, are eligible for refinance from MUDRA. Lending by MUDRA partners will focus on the unfunded segments of the micro enterprises by granting the loans in the three categories:-

â€¢ Shishu - Loans upto Rs. 50,000

â€¢ Kishore- Loans above Rs.50,000 and upto Rs. 5 lakh

â€¢ Tarun - Loans above Rs.5 lakh and upto Rs.10 lakh

(d) The loans sanctioned by the partner institutions and refinanced by MUDRA will be as per the lending norms of Reserve Bank of India (RBI). However, the proposed MUDRA Bank would have the responsibility for regulating Micro-finance Institutions (MFIs) which are in the business of lending to micro/small business entities engaged in manufacturing, trading and services activities.

(e) MUDRA, through its partner institutions which include Scheduled Commercial Banks (SCBs), RRBs, Urban/State Cooperative Banks, NBFCs, MFIs, is extending financial assistance to micro units in urban, semi-urban and rural areas of the country. Overall Targets have been allocated during 2015-16 which include Rs.70,000 crore for Public Sector Banks (PSBs). As on 30.06.2015, PSBs have disbursed MUDRA loans of Rs.6,361.80 crore. MUDRA has already sanctioned Rs.240 crore to 9 NBFCs/NBFC-MFIs. The present rate of interest for refinance availed through MUDRA is approximately 6.72% p.a. for Banks. The lending rate to MFIs/NBFCs is fixed from 10% to 12.25% as per the rating of the institution.

(f) As per the recommendations of the Prime Minister's Task Force on Micro, Small and Medium Enterprises (MSMEs) to increase credit flow to the MSE sector all Scheduled Commercial Banks (SCBs) have been advised as under:

- i. Achieve a 20% year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow;
- ii. Allocate 60% of the MSE advances to the micro enterprises and
- iii. Achieve a 10% annual growth in number of micro enterprise accounts.
