

New Mudra Bank for SMEs

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If what the finance minister has proposed comes true, you may soon see a roadside tea-seller or small time wood bench maker, get enough money to keep their businesses not just going but flourishing.

The Mudra Bank, a refinancing bank that would want MFIs to lend more entrepreneurs from an economically weak background, seems to be a move to reach out to borrowers whose loan needs vary between ₹50,000 to ₹5 lakh.

With a corpus of ₹20,000 crore and another ₹3000 crore as credit guarantee corpus, the Mudra Bank would look at the fine points of serving the micro-enterprise.

This Micro Units Development and Refinance Agency Bank, would also lay emphasis on indebtedness and also come up with client pro-



● **Mudra Bank will provide loans to entrepreneurs from economically weaker backgrounds. Currently, the microfinance penetration levels are barely 10-12 per cent.**

tection principles and methods of recovery.

“The move has put focus upon the unbanked as well as the unfunded. The microfinance penetration levels are barely 10-12 per cent. And, then there is the much larger segment of MSMEs whose credit needs are almost entirely unserved and unfunded by the Banks and MFIs. The Mudra Bank can be a game changer,” said Alok Prasad, CEO-Microfinance Institutions Network.