

PM Bats for Small Biz Units at MUDRA Yojana Launch

Our Bureau

New Delhi: Prime Minister Narendra Modi on Wednesday said that the government's priority is to provide employment and made a case for encouraging self-employment and the small and medium enterprises.

Speaking at the launch of Pradhan Mantri Micro Units Development Refinance Agency (MUDRA) Yojana, Modi said the aim is to provide financial assistance to the "unfunded" small entrepreneurs who provide employment to a large number of people.

The scheme, which has a corpus

of ₹20,000 crore, can lend between ₹50,000 and ₹10 lakh to small entrepreneurs.

"Through MUDRA Bank our target and focus is on 5.75 crore who use funds of ₹11 lakh crore, with an average per unit debt of merely Rs 17,000," the PM said, adding that a loan benefit of ₹1 lakh to these entrepreneurs will provide a big push to the country's gross domestic production (GDP).

MUDRA Bank will instill a new confidence in the small entrepreneurs that have been to exploitation at the hands of money lenders so far, the PM said, pointing out that the large business houses, which attract a lot of media atten-

tion, provide employment to only 1.25 crore people.

Small borrowers repay loans promptly, he said, stressing that "saving is a habit in India and there is a need to (give a) push to this traditional strength".

The Prime Minister asked the bankers to study the successful microfinance models being followed in other parts of the world and try to adapt them according to the local requirements.

Speaking at the same event, Finance Minister Arun Jaitley said

The scheme can lend between ₹50,000 and ₹10 lakh to small businesses

MUDRA Bank is aimed at "funding the unfunded". He regretted that although 20% of the country's population is dependent on 5.7 crore micro and small entrepreneurs, they do not have access to institutional credit.

Financial services secretary Hasmukh Adhia said that the government has already appointed Jiji Memon, chief general manager with Nabard, as CEO of Mudra Bank. "The institution has started the refinance activity at 7% interest rate," he said, adding that the lending rate (to the end borrower) will be decided on the risk margin that the microfinance institution will undertake.

Referring to the Land Bill at the event, Jaitley said about 300 million landless people will get employment in industrial corridors to be set up in rural areas. "This land reform bill that we have brought envisages industrial corridors. When these corridors will be set up in several places in India...they will create employment opportunities for 300 million landless people," he said.

Hailing the launch of the scheme, the Confederation of Indian Industry (CII) said setting up of the MUDRA Bank will go a long way to support small business units through provision of adequate institutional finance facilities.