

■ With a corpus of ₹20K cr, bank will provide loans to small businesses

To 'fund the unfunded'

PM launches MUDRA Bank

ENS ECONOMIC BUREAU

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RECALLING his experience as the chief minister of Gujarat when the kite-making industry expanded to a Rs 500 crore business with help from the government, Prime Minister Narendra Modi on Wednesday stressed on the need to provide finance to micro and small businesses, which have the potential to create 25 crore jobs.

“Small inputs of skill development were needed in the industry. These small efforts helped the kite-making industry grow from Rs 35 crore to Rs 500 crore in Gujarat ... 90 per cent of those in the kite-making industry were Muslims,” he said while launching the Micro Units Development and Refinance Agency.

Similar interventions at the Central level would help transform small businesses from a Rs 11 lakh crore industry, giving a significant push to the economy, he added.

“While there are a number of facilities provided for the large industries in India, there is a need to focus on these 5 crore 75 lakh self-em-



Prime Minister Narendra Modi hands over a 'MUDRA loan' cheque to the owner of a small business at the launch of the MUDRA Bank in New Delhi. PREM NATH PANDEY

ployed people who use funds of Rs 11 lakh crore, with an average per unit debt of merely Rs 17,000 to employ 12 crore Indians,” the Prime Minister said, explaining the reason behind the MUDRA Bank.

Announced as part of the Union Budget 2015-16, the bank will have a corpus of Rs 20,000 crore and a credit guarantee corpus of Rs 3,000 crore.

The Prime Minister said the MUDRA Bank would provide “funding to the un-

funded” and would promote entrepreneurship and self employment in the country.

“Every village has two to four Muslim children who are very innovative and good at technology ... if they need to borrow money, they first need an asset to borrow against, but don't have any,” he said.

Pointing out that the biggest asset of the poor is their integrity, Modi said that by combining their integrity with capital (MUDRA), it

MUDRA Bill to be tabled in 6-12 months: Adhia

NEW DELHI: The finance ministry will introduce a Bill for setting up the MUDRA Bank over the next year, incorporating provisions from the long-pending Micro-finance Institutions Bill in it. “Some components of MFI Bill will definitely come to MUDRA Bill ... It will be tabled in Parliament in next six months to one year,” said department of financial services secretary Hasmukh Adhia on the sidelines of launch of the MUDRA Bank. ENS

would become the key to their success.

Indicating that the new bank would be commercially viable, the Prime Minister said that within a year, banks would queue up to give loans to MUDRA applicants.

He also urged banks to study successful models of micro finance, tailored to the local requirements and cultural contexts, which would help the poorest of the poor in a big way.