

Mudra Bank to begin as Sidbi unit: Adhia

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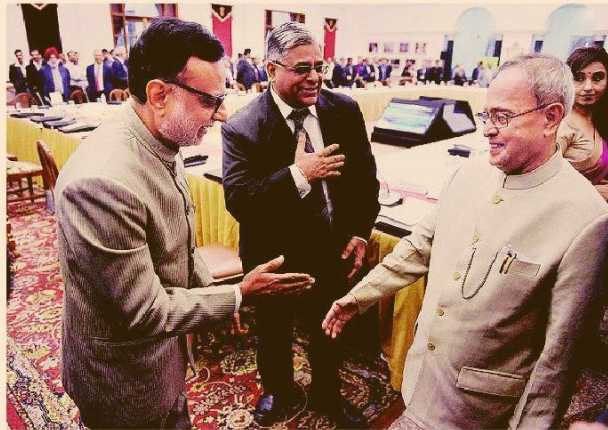
New Delhi, 13 March

The proposed Micro Units Development Refinance Agency (Mudra) Bank will be set up soon, first as a subsidiary of the Small Industries Development Bank of India.

"It will later be converted to a full-fledged bank through an Act of Parliament," said Hasmukh Adhia, Union financial services secretary, at a 'Roundtable on Financing of Innovations', attended by chiefs of banks and financial institutions. President Pranab Mukherjee also attended.

He said the prime minister would soon launch Mudra but did not give details.

In his 2015-16 Budget speech, Finance Minister Arun Jaitley had announced the creation of Mudra with a corpus of ₹20,000 crore and a credit guarantee corpus of ₹3,000 crore, with the aim of providing loans to the small-



President Pranab Mukherjee (right) with Hasmukh Adhia (left), financial services secretary, during an interaction with leaders of the banking & financial sectors at RB Cultural Centre in New Delhi on Friday

PHOTO: PTI

est of businesses.

"These bottom of the pyramid, hardworking entrepreneurs find it difficult, if not impossible, to access formal systems of credit," Jaitley had said. He also promised lending priority to enterprises

owned by Scheduled Castes and Tribes. The National Sample Survey Office has revealed that of 57.7 million such micro enterprises, 65 per cent are owned by people from the SC/ST communities or from Other Backward

Classes.

At the event on Friday, Adhia said commercial banks hadn't been able to cater to the financing needs of these micro enterprises as the owners had not been able to provide a mortgage. He said these 57.7 million small enterprises employed around 120 million people and the availability of capital was about ₹11 lakh-crore.

Of this, though, only four per cent was from institutional sources, he said.

The President later said innovations in the country were "languishing" for want of financial support and asked banks to open dedicated counters to meet the capital requirements for entrepreneurs. "Innovations in different segments, at different levels and for different sections

will aid this process (of India's growth) in no small measure", he said, adding the role of the banking system was paramount in the entire innovation value chain.

Mukherjee said the banking system, in collaboration with the National Innovation Foundation, could help create a pool of mentors in every district, to assess and meet the financial needs of innovators.

"Bankers have to take the initiative to reach out to innovators, mentor them and, wherever possible, connect them with their other clients, to help expand their market. This role of creating linkages between creative people and successful clients could be a game-changing institutional innovation," he said.

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