

PM launches MUDRA Bank for small biz

NEW DELHI: After Jan Dhan Yojana and PaHaL (Pratyaksha Hastaantarit Laabh - the Direct Benefit Transfer scheme for LPG Subsidy), Prime Minister Narendra Modi on Wednesday kicked off his next flagship project - the Rs 20,000-crore MUDRA Bank.

It will support small entrepreneurs who give employment to a large number of people using the least amount of funding.

Small entrepreneurs

Launching the MUDRA or Micro Units Development Refinance Agency Bank that will provide credit of up to Rs 10 lakh to small entrepreneurs, Modi said supporting them would be the best way to help the Indian economy grow and prosper.

"In our country, one often experiences that things revolve around mere perceptions, while the details often paint a different picture....A look at the details reveals the reality that merely 1 crore, 25 lakh of India's 1.2 billion people find employment in large industries, whereas small enterprises employ 12 crore people," the Prime Minister said. He regretted that it is these small number of large industries that get a lot of media attention.

The Prime Minister said that while there are a number of facilities provided for large industries in India, there is a need to focus on the 5.75 crore self-employed people who employ 12 crore countrymen. Modi said such facts drove the vision for MUDRA Bank.

Modi said the MUDRA scheme is aimed at "funding the unfunded". He said that small entrepreneurs are often exploited at the hands of money lenders and MUDRA is aimed at changing the old ways of doing business.

"MUDRA aims to instil a new confidence in them that the country is ready to support them in their efforts that are contributing so heavily to the task of nation building," Modi said. He also expressed the hope that in a year's time, all big banks of India will follow the MUDRA-model of business.

Meanwhile, the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (Ficci) welcomed the launch of MUDRA Bank.

Chandrajit Banerjee, Director-General, CII, said, "Millions of men and women in this country, who run small businesses, have almost remained outside the net of formal institutional finance, in spite of their large contributions. This bank will be a boon to our MSME units across India...."

Ficci president Jyotsna Suri said, "A dedicated institutional finance system has been the need of the hour to energise the entrepreneurial spirit of the nation. With MUDRA Bank envisaged

as the nodal financing agency as well as the regulator of micro-finance institutions, we hope that financial stress of MSMEs will now be alleviated."