

## UNIT – 6 – BANKING - MUDRA Bank

### What is MUDRA Bank?

Micro Units Development and Refinance Agency Bank (MUDRA Bank), is a new institution setup by the Government of India for development of micro units and refinance of MFIs to encourage entrepreneurship in India & provide the funding to the non-corporate small business sector.

MUDRA Bank will need two type of product like **refinance for the micro units** having loan requirement from Rs 50 thousands to 10 lakhs and **support to Micro Finance Institutions (MFI)** for landing. MUDRA will refinance to micro business under the scheme of Pradhan Mantri MUDRA Yojana.

### Types of Loan provided by MUDRA Bank

#### MUDRA SHISHU Yojana

Under Mudra Shishu Yojana banks are providing loan upto **50,000/-**. It is basic scheme and banks are charging very nominal interest rate which is around **10% to 12%**.

#### MUDRA KISHOR Yojana

Under Mudra Kishor Yojana bank are providing loan **between 50,001 to 5,00,000/- rupee**.

It is middle scheme & comes in category of unsecured loan & its Interest rate is high from 14% to 17% depends on bank to bank.

#### MUDRA

#### TARUN

#### Yojana

Mudra Tarun Yojana is the last scheme of government of India. Under MUDRA Tarun Scheme applicant can apply loan between **5,00,001 to**

**10,00,000/-**. It is also an unsecured Loan and its rate of interest rate is high and starts from 16% and very bank to bank.

It would be ensured that **more focus** is given to **Shishu Category** Units and then Kishor and Tarun Categories.

Recently Central Government decides to provide an additional fund of ₹ One Lakh crore to the market and it will be allocate according to below list.

40,000 Crore Rupee for Mudra Bank Shishu Loan Scheme.

35, 000 Crore Rupee for Mudra Bank Kishor Loan Scheme.

25, 000 Crore Rupee for Mudra Bank Tarun Loan Scheme.

### **The funding support from MUDRA are of four types :**

**Micro Credit Scheme (MCS)** for loans upto 1 lakh finance through MFIs.

**Refinance Scheme** for Commercial Banks / Regional Rural Banks (RRBs) / Scheduled Co-operative Banks

**Women Enterprise programme**

**Securitization of loan portfolio**

### **Purpose of MUDRA loan**

Mudra loan is extended for a variety of purposes which provide income generation and employment creation. The loans are extended mainly for:

(i) Business loan for Vendors, Traders, Shopkeepers and other Service Sector activities.

(ii) Working capital loan through **MUDRA Cards**.

(iii) Equipment Finance for Micro Units.

(iv) Transport Vehicle loans.

Following is an illustrative list of the activities that can be covered under MUDRA loans:

#### **1 Transport Vehicle**

Purchase of transport vehicles for goods and personal transport such as auto rickshaw, small goods transport vehicle, 3 wheelers, e-rickshaw, passenger cars, taxis, etc.

#### **2 Community, Social & Personal Service Activities**

Saloons, beauty parlours, gymnasium, boutiques, tailoring shops, dry cleaning, cycle and motorcycle repair shop, DTP and Photocopying Facilities, Medicine Shops, Courier Agents, etc.

### **3 Food Products Sector**

Activities such as papad making, achar making, jam / jelly making, agricultural produce preservation at rural level, sweet shops, small service food stalls and day to day catering / canteen services, cold chain vehicles, cold storages, ice making units, ice cream making units, biscuit, bread and bun making, etc.

### **4 Textile Products Sector / Activity**

Handloom, powerloom, khadi activity, chikan work, zari and zardozi work, traditional embroidery and hand work, traditional dyeing and printing, apparel design, knitting, cotton ginning, computerized embroidery, stitching and other textile non garment products such as bags, vehicle accessories, furnishing accessories, etc.

### **5 Business loans for Traders and Shopkeepers**

Financial support for on lending to individuals for running their shops / trading & business activities / service enterprises and non-farm income generating activities with beneficiary loan size of upto 10 lakh per enterprise / borrower.

### **6 Equipment Finance Scheme for Micro Units**

Setting up micro enterprises by purchasing necessary machinery / equipments with per beneficiary loan size of upto 10 lakh.

### **MUDRA Card**

MUDRA Card is a debit card issued against the MUDRA loan account, for working capital portion of the loan. The borrower can make use of MUDRA Card in multiple withdrawal and credit, so as to manage the working capital limit in a most efficient manner and keep the interest burden minimum. MUDRA Card will also help in digitalization of MUDRA transactions and creating credit history for the borrower.

### **Chairman of MUDRA bank:-**

**Dr. Kshatrapati Shivaji - IAS**