

What is Mudra Bank - Explained



What is Mudra Bank?

- MUDRA means Micro Units Development and Refinance Agency (known as the MUDRA bank)
- Mudra bank is being set up through a statutory enactment and will be responsible for developing and refinancing through a Pradhan Mantri Mudra Yojna.
- It is first set up as a subsidiary of the **Small Industries Development Bank of India (SIDBI)**. It will later be converted into full-fledged bank through an act of the parliament.
- **MUDRA** Bank is a public sector financial institution in India, It provides loan at low rates to small entrepreneurs.

OBJECTIVE -

- It was launched in 8th April 2015 with the objective of regulating micro and small enterprise financing business, and supporting them particularly those members who belongs from scheduled castes and scheduled tribes.
- MUDRA Bank will also register **MFIs (Micro Finance Institutions)** and will be responsible for accreditation and rating of MFI.
- It will also make proper last mile practices to be followed by MFI to provide proper client protection and to prevent from indebtedness.

AIM -

- The finance ministry said measures to be taken up by the MUDRA are targeted mainly on young, educated or skilled workers and entrepreneurs including women entrepreneurs.
- Basically small entrepreneurs and small businessmen are often cut from banking system because of limited branch presence, so MUDRA bank will partner with local coordinators and provide finance to small and micro businesses.

Video Explanation

IMPORTANT FIGURES ABOUT MUDRA BANK

- The bank will be set up with the initial corpus of Rs 20000 cr and a credit guarantee corpus of Rs 3000cr.
- The bank have categorized the amount of loan to be given in three different categories-
- **SHISHU**- This is the first stage and in it the loan will be given for upto 50000 Rs.
- **KISHOR**- In the second stage a loan amount will be ranging from 50,000 to Rs 5 lakh.
- **TARUN**- This is last category which will provide upto Rs 10 lakh.
- The bank will cater to 5.77 crore small business units that spread all across India who currently find it difficult to access credit from the regular banking system.
- According to Mr NARENDRA MODI the bank would help over 6 cr families out of which 65% of them belongs to scheduled caste and scheduled tribes.