

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**PREPARATIONS WITH REGARD TO LAUNCH OF MUDRA BANK REVIEWED
BY DR. HASMUKH ADHIA, SECRETARY (DFS); PM WOULD ALSO LAUNCH
PRADHAN MANTRI MUDRA YOJANA ON THE OCCASION**

New Delhi, March 31, 2015

Chaitra 10, 1937

Dr. Hasmukh Adhia, Secretary, Department of Financial Services, Ministry of Finance reviewed here today the preparations made for launch of Micro Units Development and Refinance Agency (MUDRA) – a bank. MUDRA Bank would be launched by the Prime Minister on 8th April, 2015 at Vigyan Bhavan in the national capital. Dr. Adhia said that the Prime Minister would also launch the Pradhan Mantri Mudra Yojana on this occasion. The bank would be based on the theme of 'Funding the unfunded'. Secretary (DFS) Dr. Adhia said that MUDRA bank would be responsible for regulating and refinancing all Micro-finance Institutions (MFI) which are in the business of lending to micro/small business entities engaged in manufacturing, trading and services activities among others. The MUDRA Bank would be set-up through a statutory enactment and would be partner with State level/Regional level co-ordinators to provide finance to Last Mile Financer of small/micro business enterprises.

The meeting was attended among others by Ms. Snehlata Srivastava, Additional Secretary, Department of Financial Services, Shri Kshatrapati Shivaji, CMD, SIDBI and other senior officers of the Ministry of Finance and SIDBI.

The MUDRA Bank would primarily be responsible for –

- 1) Laying down policy guidelines for micro/small enterprise financing business
- 2) Registration of MFI entities
- 3) Regulation of MFI entities
- 4) Accreditation /rating of MFI entities
- 5) Laying down responsible financing practices to ward off indebtedness and ensure proper client protection principles and methods of recovery
- 6) Development of standardized set of covenants governing last mile lending to micro/small enterprises
- 7) Promoting right technology solutions for the last mile
- 8) Formulating and running a Credit Guarantee scheme for providing guarantees to the loans which are being extended to micro enterprises
- 9) Creating a good architecture of Last Mile Credit Delivery to micro businesses under the scheme of Pradhan Mantri Mudra Yojana

A sum of Rs 20,000 crore would be allocated to the MUDRA Bank from the money available from shortfalls of Priority Sector Lending for creating a Refinance Fund to provide refinance to the Last Mile Financers. Another Rs 3,000 crore would be provided to the MUDRA Bank from the budget to create a Credit Guarantee corpus for guaranteeing loans being provided to the micro enterprises.

The above measures will bring down the cost of finance from the last Mile Financers to the micro/small enterprises, most of which are in the informal sector.
