

## NEW INDIAN ECONOMIC POLICY "MUDRA LOAN SCHEME"

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### **Introduction :**

In this modern time money and its necessity is very important. To attain development there should be a good developed financial system to support not only the economic but also the society. The banks finance system to support not only the economic but also the society. The banks finance the industrial sector in a number of ways. In India, the commercial banks undertake short-term and medium-term financing of small scale industries, and also provide hire-purchase finance. Prime Minister Narendra Modi launched the Micro Units Development Refinance Agency (MUDRA) bank which will provide credit of up to Rs. 10 lakh to small entrepreneurs and act as a regulator for 'Micro-Finance Institutions' (MFIs). The roles envisaged for MUDRA include laying down policy guidelines for micro-enterprise financing business and registration of MFI entities, as well as their accreditation and rating. Mudra Bank is being set up through a statutory enactment and will be responsible for developing and refinancing through a Pradhan mantri MUDRA Yojana. The basic idea behind this bank is this, since small entrepreneurs are businesses are often cut off from banks, MUDRA will partner with local coordinators and provide finance to "Last Mile Financiers" of small/ micro businesses. However the corpus would need to be expanded over time to increase outreach.

### **Objective of the study :**

To understand the role, opportunities, importance's, functions of Mudra Bank.

### **Mudra Loan Scheme in India :**

MUDRA is the short form of **Micro Units Development and Refinance Agency**. The current policy of Prime Minister Narendra Modi is quite focused on developing the Indian economy. JanDhan Yojana was born out of this objectives if PM and under this Yojana, PM Narendra Modi had launched the Micro Units Development and Refinance Agency i.e. MUDRA bank on 8<sup>th</sup> April 2015. Micro Units Development and Refinance Agency (MUDRA) is a financial initiative by PM Narendra Modi, created in order to facilitate the micro units and provide them sufficient funds to pay off the interest. There are almost 577 crore small business currently functioning in India. According to the PM, helping these business grow would in turn lead to the development of the Indian economy. Hence, this scheme was launched. MUDRA is still not a fully-fledged bank and is in its initial stage. Currently, MUDRA is not an individual body or a different bank as such. To get loan under this Yojana, various public and private sector banks have been given the responsibility to provide loans under this scheme. One can approach the following institutions or banks to apply for a loan after having prepared a proper business plan.

- 1) All Scheduled Commercial Banks in public sector and Private sector.
- 2) Regional Rural Banks.
- 3) All Micro Finance Institutions, small business finance companies and NBFCs.
- 4) Scheduled urban and State Co-operative banks.

The main priority is given to the SC and ST Categories. Currently MUDRA has enrolled 27 Public Sector Banks, 17 Private Sector Banks, 27 Regional Rural Banks and 25 Micro Institutions as partner institutions for channelizing loan assistance to the end borrowers.

### **Principal Objective of the Mudra Loan Scheme**

- Regulate the lender and the borrower of microfinance and bring stability to the microfinance system through regulation and inclusive participation.
- Extend finance and credit support to Microfinance Institutions (MFI) and agencies that lend money to small businesses, retailers, self-help groups and individuals.
- Register all MFIs and introduce a system of performance rating and accreditation for the first time. This will help last-mile borrowers of finance to evaluate and approach the MFI that meets their requirement best and whose past record is most satisfactory. This will also introduce an element of competitiveness among the MFIs. The ultimate beneficiary will be the borrower.
- Provide structured guidelines for the borrowers to follow to avoid failure of business or take corrective steps in time. MUDRA will help in laying down guidelines or acceptable procedures to be followed by the lenders to recover money in cases of default.
- Develop the standardized covenants that will form the backbone of the last-mile business in future.
- Offer a Credit Guarantee scheme for providing guarantees to loans being offered to micro businesses.
- Introduce appropriate technologies to assist in the process of efficient lending, borrowing and monitoring of distributed capital.
- Build a suitable framework under the Pradhan Mantri MUDRA Yojana for developing an efficient last-mile credit delivery system to small and micro businesses.

**Mudra Loan Scheme of Bank :**

**Shishu Scheme :** Under Shishu Scheme, loans up to Rs.50000 - will be sanctioned. This is the first stage when the business is just starting up.

**Kishor Scheme :** Under Kishor scheme, loans above Rs. 50000 and up to Rs.5 lakh will be provided.

**Tarun Category :** Under Tarun category, loans of above Rs. 5 lakh and up to Rs.10 lakh will be sanctioned.

**Conclusion :**

The present study is related to the Micro Units Development and Refinance agency Ltd. (MUDRA) Scheme which was launched by PM Modi on dated 8<sup>th</sup> April 2015. For overcoming the problem of unemployment which creating the major impact on Indian economy, this scheme will create some job opportunities to the unemployed and educated young people of the India is the prime motto behind this scheme. In the present study the different opportunities and possible threats for MUDRA loan scheme are studied.

**References :**

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