



Micro Units Development & Refinance Agency Limited [MUDRA] FORMALISING THE INFORMAL

MUDRA GENESIS

- According to the NSSO survey of 2013, there are 5.77 crore (57.70 million) small business units, mostly proprietorship, which run small manufacturing, trading or service activities. Most of these 'own account enterprises' are owned by people belonging to Scheduled Caste, Scheduled Tribe or Other Backward Classes. Majority of such units do not get institutional finance. Providing access to institutional finance to such micro/small business units would turn them into strong instruments for GDP growth and also employment generation.
- Mainstreaming these enterprises will not only help in improving the quality of life of these entrepreneurs but will also contribute substantially to job creation in the economy leading to income distribution and reduction in poverty.
- Micro Units Development & Refinance Agency (MUDRA), presently set up as NBFI, will be converted into a Bank through a statutory enactment. It is envisaged that it would refinance Banks, extend financial support to NBFCs / MFIs and would regulate and develop Micro-Finance Institutions (MFIs), with a view to expand the reach of institutional finance to micro/small business entities engaged in manufacturing, trading and service activities. The Bank would also partner with State /Regional level coordinators to provide finance to Last Mile Financier of small/micro business enterprises.
- MUDRA, launched on April 08, 2015 by the Honorable Prime Minister Shri Narendra Modi, is set up as a subsidiary of SIDBI, and started functioning from 13th April, 2015.

MICROFINANCE AND MUDRA

- Some of the areas where MUDRA can play a significant role :
 - 1) Laying down policy guidelines for micro enterprise financing business
 - 2) Registration of MFI entities
 - 3) Supervision of MFI entities
 - 4) Accreditation / rating of MFI entities
 - 5) Laying down responsible financing practices to ward off over indebtedness and ensure proper client protection principles and methods of recovery

- 6) Development of standardised set of covenants governing last mile lending to micro/small enterprises
- 7) Promoting right technology solutions for financial delivery to the last mile
- 8) Formulating and running a Credit Guarantee scheme for providing guarantees to the loans/portfolios which are being extended to micro enterprises by Banks, NBFCs and MFIs
- 9) Supporting development & promotional activities in the sector.
- 10) Creating a good architecture of Last Mile Credit Delivery to micro businesses under the scheme of

MUDRA VISION

“To be an integrated financial and support services provider par excellence benchmarked with global best practices and standards for the bottom of the pyramid universe for their comprehensive economic and social development.”

MUDRA MISSION

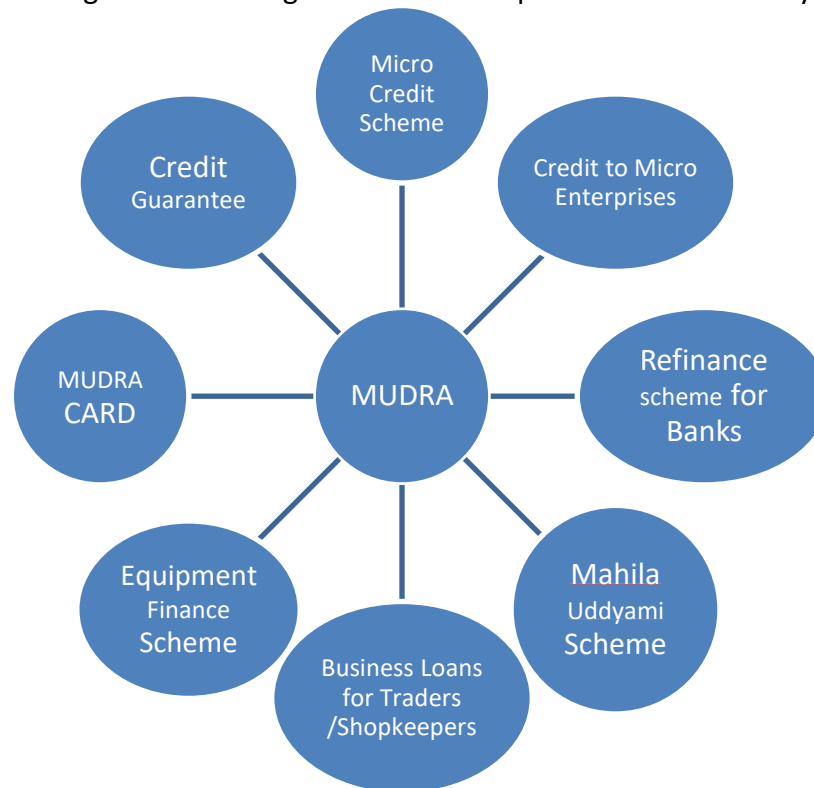
“To create an inclusive, sustainable and value based entrepreneurial culture, in collaboration with our partner institutions in achieving economic success and financial security.”

MUDRA PURPOSE

Our basic purpose is to attain development in an inclusive and sustainable manner by supporting and promoting partner institutions and creating an ecosystem of growth for micro enterprises sector.

Product / Offerings of MUDRA

- Refinance product for the micro units having loan requirement upto `10 lakh (` 1 million) with special focus on micro credit. MUDRA will be providing refinance to micro businesses funded under Pradhan Mantri MUDRA Yojana. The other products are for development support to the sector. The bouquet of offerings of MUDRA is depicted below. The offerings would be targeted across the spectrum of beneficiary segments.



- Under the aegis of Pradhan Mantri MUDRA Yojana, MUDRA has already created its initial products / schemes. The interventions have been named '**Shishu**', '**Kishor**' and '**Tarun**' to signify the stage of growth / development and funding needs of the beneficiary micro unit / entrepreneur and also provide a reference point for the next phase of graduation / growth to look forward to :
 - **Shishu : covering loans upto `50,000/-**
 - **Kishor : covering loans above `50,000/- and upto `5 lakh**
 - **Tarun : covering loans above `5 lakh and upto `10 lakh**

It would be the endeavour of MUDRA that at least 60% of the credit goes to Shishu Category Units and the balance to Kishor and Tarun Categories.

- Within the framework and overall objective of development and growth of **Shishu, Kishor and Tarun** Units, the products being offered by MUDRA at the rollout stage have

been designed to meet requirements of different sectors / business activities as well as business / entrepreneur segments. Brief particulars are as under:

- ✓ *Sector / activity specific schemes*
- ✓ *Micro Credit Scheme (MCS)*
- ✓ *Refinance Scheme for Commercial Banks / Regional Rural Banks (RRBs) / Scheduled Co-operative Banks*
- ✓ *Mahila Uddyami Scheme*
- ✓ *Micro Enterprise Loans*

- The salient features of the schemes and innovative products, being worked upon, which will be offered by MUDRA going forward, are as below:

- **Sector / Activity Focussed Schemes**

To maximize coverage of beneficiaries and tailor products to meet requirements of specific business activities, sector / activity focused schemes would be rolled out. To begin with, based on higher concentration of businesses in certain activities / sectors, schemes are being proposed for:

- **Land Transport Sector / Activity;** which will *inter alia* support units for 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.
- **Community, Social & Personal Service Activities** such as saloons, beauty parlours, gymnasium, boutiques, tailoring shops, dry cleaning, cycle and motorcycle repair shop, DTP and Photocopying Facilities, Medicine Shops, Courier Agents, etc.
- **Food Products Sector;** support would be available for undertaking activities such as papad making, achaar 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.
- **Textile Products Sector / Activity,** to provide support for undertaking activities such as handloom, powerloom, 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.

Going forward, schemes would similarly be added for other sectors / activities as well.

- **Micro Credit Scheme**

Financial support to MFIs for on lending to individuals/ groups of individuals /JLGs/ SHGs for creation of qualifying assets as per RBI guidelines towards setting up / running micro enterprises as per MSMED Act and also carrying out non-farm income generating activities.

- **Micro Enterprise Loans**
Financial support to financial intermediaries for on lending to individuals for setting up / running micro enterprises as per MSMED Act and carrying out non-farm income generating activities with beneficiary loan size ranging between `50,000 to `10 lakh per enterprise / borrower.
- **Refinance Scheme for Commercial Banks / RRBs / Scheduled Co-operative Banks**
Enhancing liquidity of Commercial Banks / RRBs / Scheduled Co-operative Banks by refinancing loan extended to micro finance / micro enterprises as per MSMED Act with beneficiary loan size upto `10 lakh for manufacturing and service sector enterprises.
- **Mahila Uddyami Scheme**
Timely and adequate financial support to the MFIs, for on lending to women / group of women / JLGs/ SHGs for creation of qualifying assets as per RBI guidelines towards setting up / running micro enterprises as per MSMED Act and non-farm income generating activities.

MUDRA CARD

MUDRA Card is an innovative product designed for the purpose of providing flexibility and easy accessibility of credit. MUDRA card would be a overdraft limit which could be operated by a Rupay based debit card. The card could be issued directly by the banks or in association with MFIs. The MUDRA card would be Co-branded card between MUDRA, the Banks, and the MFIs. MUDRA would provide credit guarantee and credit enhancement support to the product.



Pradhan Mantri MUDRA Yojana (PMMY)

- While launching MUDRA Ltd on April 08, 2015 the Honorable Prime Minister also launched PMMY. Department of Financial Services, Ministry of Finance, Govt. of India ,vide its letter dated March 14, 2015 advised all Public Sector Banks / Regional Rural Banks / State Cooperative Banks / Urban Cooperative Banks to classify all the loans given for non farm sector income generating activities below ` 10 lakh, as MUDRA loans under PMMY. The PMMY loans will also include ` 5000 being given as overdraft under Pradhan Mantri Jan Dhan Yojana [PMJDY]. MUDRA will provide refinance / credit guarantee support to PMMY also.
- **How to avail of PMMY ?**
 - The borrower who wishes to avail of loan under PMMY may approach any of the Public or Private Sector Commercial Bank branches in his / her area with a proper business plan and loan application.
 - After due processing of loan application, the lending institution will sanction the loan.
 - The borrower has to execute loan documents and complete other formalities as per the requirement of the lending institution.

- The loan will be released to undertake small business activities / micro enterprises.

MUDRA Helpline

- For information on MUDRA products and for any kind of assistance, the borrower can either approach/contact MUDRA office at Mumbai or the identified MUDRA Nodal Officers, whose details (along with contact numbers and mail ids) are made available at MUDRA's Website. The borrower may also visit MUDRA website, www.mudra.org.in and can send any query/suggestion to help@mudra.org.in.
- MUDRA has identified Nodal Officers at various SIDBI Regional offices/Branch Offices to act as "**first contact persons**" for MUDRA.