

# MUDRA Bank – A helping hand to small industries

**Prof. Archana Aher**

M.A. (Economics), M. Phil. (Economics), M.A.(Sociology), M.A.(Marathi),  
M.Ed., SET(Education), L.L.B. , Diploma in Human Rights, Diploma in School Management.  
(Assistant Professor, MIT Arts, Commerce & Science College, Pune.)  
Mail ID – [aheras2015@gmail.com](mailto:aheras2015@gmail.com) Contact – 8888887519

## **Abstract:**

*“Combination of capital and integrity will be the key to success for small entrepreneurs.”*

— *Narendra Modi*

With this key strategy *Narendra Modi* launched the Pradhan Mantri MUDRA Yojana (PMMY) – where MUDRA stands for 'Micro Units Development and Refinance Agency'. After “Skill India”, “Digital India” and “Make in India”, Prime Minister Mr. Narendra Modi has taken one more ambitious step for the development of India. On 8<sup>th</sup> April 2015, he launched a new MUDRA. He noted that in our country one often experiences that things revolve around mere perceptions, while the details often paint a different picture. He was making a case in point about how the perception has been built that large industries create more employment, though the truth is that “only 1.25 crore people find employment in large industries, whereas small enterprises employ 12 crore people”. That is why Mr. Modi urges small entrepreneurs not only to take advantage of this scheme as far as availability of capital is concerned, but also innovate and spread their wings with new ideas to enhance and further their entrepreneurship. This paper throws light on the evolution of MUDRA as well as its importance. Because MUDRA bank is a significant helping hand to micro and small entrepreneur as it regulate and refinance all micro financial institutes working to provide loans to micro and small commercial organisations engaged in manufacturing, trade and service activities.

**Key words:** International trade, culture, organisational culture etc.

## **Introduction –**

After “Skill India”, “Digital India” and “Make in India”, Prime Minister Mr. Narendra Modi has taken one more ambitious step for the development of India. On 8<sup>th</sup> April 2015, he launched a new MUDRA i.e. 'Micro Units Development and Refinance Agency' for small entrepreneurs, which will provide them easy loans upto Rs. 10 Lakhs. MUDRA bank was formed with a mandate to refinance and regulate micro finance institutions and give financial assistance to small units that are typically excluded from the mainstream banking system. The reason for creating MUDRA, as stated on its website, is “the biggest bottleneck to the growth of entrepreneurship in the non-corporate small business sector (NCSBS) is lack of financial support to this sector. Majority of this sector does not have access to formal sources of finance. Goal is setting up MUDRA Bank through a statutory enactment for catering to the needs of the NCSBS segment or the informal sector for bringing them in the mainstream.”

## **Objectives of the study :-**

1. To understand the evolution of MUDRA.
2. To study the significance of MUDRA in development of small industries.

## **Explanation –**

MUDRA bank scheme was first announced in the Central Budget 2015 and a fund of Rs. 20,000 crore and another Rs. 3,000 crore for loan guarantee money had been earmarked for the purpose. Finance Minister Mr. Arun Jaitley emphasised in his budget speech that the Government intended and proposed to create a MUDRA bank through a legislative ordinance, which would regulate and refinance all micro financial institutes working to provide loans to micro and small commercial organisations engaged in manufacturing, trade and service activities. Also said the MUDRA Bank was a step in the right direction for “funding the unfunded.”

How did the idea for such a scheme germinate? What led the Government to envisage this scheme particularly for micro and small entrepreneurs of the country? What scope and dimensions the government had in its mind when they come to create MUDRA? The Prime Minister Narendra Modi explained the background of the scheme making an interesting observation. He said that we often form our opinions based on general perceptions that float all around us, while the facts speaks otherwise. The general perception is that the big industries are the largest source of the job creation, but the fact says different. In our country 12.5 billion people are working in 1.25 billion big industries while 120 million