

# Lenders to enhance large-size loans under Mudra

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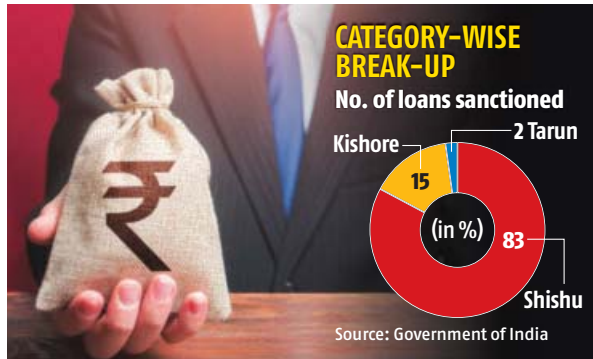
Lenders are looking to broaden working under the Mudra scheme by enhancing the number of loans in the over ₹50,000- ₹10 lakh categories to help businesses scale up operations.

Going by data released on Pradhan Mantri Mudra Yojana (PMMY) by the ministry of finance, there is a skewed distribution with the Shishu category (up to ₹50,000) cornering 83 per cent of the loans (in number).

The share of two other categories – Kishore (above ₹50,000 to ₹5 lakh) was 15 per cent and Tarun (above ₹5 lakh to ₹10 lakh) was 2 per cent in the number of loans.

Public sector bank executives said the scheme has worked well with a robust framework and does not need overhaul. As the scheme evolves, some changes in implementation at the lender level are part of business operations.

They have flagged a priority to increase the share of the number of loans with higher



amounts to attain bigger scale and job generation potential.

There will not be any dilu-

tion in focus on the Shishu category, bankers said.

This comes in the back-

drop of the scheme completing eight years. It started with the aim to improve access to financial services for those at the bottom of the pyramid.

Loans under the Mudra scheme are provided to meet both term loan and working-capital components of financing. It is for income-generating activities in manufacturing, trading and service sectors.

The ambit also covers activities allied to agriculture such as poultry, dairy, bee-keeping. More than 408 million loans amounting to ₹23.2

trillion have been sanctioned under PMMY since inception.

Alok Misra, CEO & director at Microfinance Institutions Network (MFIN), said the above ₹5 lakh to ₹10 lakh category may benefit from a guarantee programme to lower risk perception as these are collateral-free loans. Non-banking financial companies-micro finance institutions (NBFC-MFIs), small finance banks (SFBs) and banks contribute significantly to Mudra, with NBFC-MFIs alone accounting for 30 per cent of Shishu loans, he said.