FM ANNOUNCES 1,500 CRORE INTEREST SUBVENTION ON MUDRA SHISHU LOANS

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

Finance minister Nirmala Sitharaman on Thursday announced 2% interest subvention for on loans up to 50,000 given under MUDRA Shishu scheme.

"The total relief will be worth 1,500 crore," Sitharaman said, adding that the interest subvention will benefit about 3 crore people.

This announcement is a part of second tranche of the nine measures announced on Thursday aimed at benefiting migrants, street vendors, small traders and farmers as part of the 20 trillion package to revive the economy.

In 2015-16, the National Democratic Alliance (NDA) government had announced the Pradhan Mantri Mudra Yojna (PMMY) extending better credit access to small firms to boost entrepreneurship and promote financial inclusion.

Micro Units Development and Refinance Agency, or the MUDRA scheme, was started to refinance loans of up to 10 lakh given by banks and other lending institutions to small borrowers.

The scheme offered collateral-free loans of up to 10 lakh under three categories—Shishu, Kishore and Tarun. Shishu accounts for loans of up to 50,000, while 50,001 to 5 lakh are disbursed under Kishore. The third category is for loans between 5 lakh and 10 lakh.

Small businesses under the MUDRA scheme have been hit hard due to the imposition of the nationwide lockdown, which halted economic activity for over a month. This also impacted their capacity to pay loan installments.

Click here to read the Mint ePaper Livemint.com is now on Telegram. Join Livemint channel in your Telegram and stay updated

Log in to our website to save your bookmarks. It'll just take a moment.

Your session has expired, please login again.

You are now subscribed to our newsletters. In case you can't find any email from our side, please check the spam folder.

END