



Employment News



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MUDRA BANK TO "FUND THE UNFUNDED"

Alok B Shriram

Micro, Small and Medium Enterprises (MSMEs) sector is recognized as one of the fastest growing sectors of the Indian economy. It plays a pivotal role in the growth and development of the country, generates employment for more than 100 million people and produces more than 6000 products. According to the annual report of the Ministry of MSMEs (2013-14), the sector contributes around 8% in India's GDP, 45% of the manufacturing output and 40% in exports. MSMEs have emerged as a dynamic sector of the Indian economy over the last five decades. The role of MSMEs has been crucial in terms of skill development and employment generation.

The sector facilitates socio-economic development of the country as a whole and thus considered as a strategic asset for the Indian economy. This segment has enhanced production possibilities and helped to achieve higher growth trajectories for the industry sector. To fulfill 'Make in India' vision of Prime Minister Narendra Modi and to give required push to the manufacturing sector, MSMEs' growth is must. Going ahead, MSMEs could be the best vehicle to push economic growth on the high road.

Although various initiatives have been taken to encourage MSMEs since independence, the sector is witnessing several challenges in terms of access to finance, access to modern technology and infrastructural bottlenecks. The biggest bottleneck to the growth of entrepreneurship and MSMEs in the country is the weak financial support. It may be mentioned that although the percentage of credit by the scheduled commercial banks to MSMEs increased marginally from 15% in FY2014 to 16% in FY2015; it is still in the lower trajectory which asserts the need of cre-



ation of a financial institution which could address the much needed financial access to MSMEs. The majority of these small businesses are informal and unregistered enterprises which have not been covered by the formal banking sector. Thus, the sector demands a supportive financial policy framework in order to address the financial concerns and upscale the sector's productivity, going forward.

Credit to MSMEs by Scheduled Commercial Banks

Year (as on end March)	Outstanding credit to the MSME sector		Micro and Small Enterprises credit as percentage of Adjusted net bank credit (in %)
	Number of accounts (in million)	Amount outstanding (Rs. Billion)	
2013	11.2	6872	14.8
2014	12.4	8461	15.6

Source: PHD Research Bureau, compiled from RBI

Supporting the small entrepreneurs of India is the biggest way to help the Indian economy grow and prosper. It is expected that the next level of growth will have to come from the MSMEs and it is the MSMEs sector which can propel India's growth rate from the current level of around 7.4% (Advance estimates of GDP for FY2015) to a sustainable double digit growth rate in the medium term. With the need to provide finance to micro and small businesses, "fund the unfunded", promote entrepreneurship and self employment in the country, the Prime Minister launched MUDRA (Micro Units Development and Refinance

Agency Ltd) Bank, with a corpus of Rs.20,000 crore. Another Rs. 3,000 crore would be provided to the MUDRA Bank from the budget to create a Credit Guarantee corpus for guaranteeing loans being provided to the micro enterprises. Since the enactment for MUDRA is likely to take some time, it is proposed to set up MUDRA as a subsidiary of Small Industries Development Bank of India, SIDBI, but later it would be converted into a full-fledged institution to be set up through a statutory enactment.

Given the India's largest disaggregated business ecosystem in the world, the launch MUDRA is the biggest policy initiative for this non-corporate small business sector of the country. The fact that this will be a separate entity focused exclusively on increasing the flow of finances to micro and small sector, it will advance the financial & social inclusion of this sector in the country. Further, financial institution like MUDRA is the first path breaking initiative

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JOB HIGHLIGHTS

SSC

Staff Selection Commission notifies Combined Graduate Level Examination, 2015
Last Date : 01.06.2015 (pg 2-13)

AAI

Airports Authority of India requires 322 Deputy Company Secretary, Deputy General Manager, Manager and Junior Executive
Last Date : 10.06.2015 (pg 30-31)

NAVAL DOCKYARD

Naval Dockyard Mumbai requires 299 Tradesman (Skilled)
Last Date : 20.05.2015 (pg 26-27)

Turn over the pages for other vacancies in Banks, Armed Forces, Railways, PSUs and other Govt. Deptts

WEB EXCLUSIVES

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CAREER IN FLORICULTURE

Dr. Beena N. Singh, Dr. Krishan Pal Singh and Dr. Prem Chand

Floriculture or flower farming, a discipline of Horticulture, deals with the study of growing and marketing of flowers and foliage plants. It includes the cultivation of flowering and ornamental plants for sales or for use as raw materials in pharmaceutical

sector, manufacturing cosmetics and in perfume industries. The persons associated with this field are called floriculturists. Officially, floriculture began in the late 1800's in England where flowers were grown in large estates. It has now spread to most other

countries as well. The floral industry today has grown up to much larger proportions and offers a wide scope for growth and profits. The major countries involved in the import of flowers are-The Netherlands, Germany, France, Italy and Japan while those involved in export are Columbia, Israel, Spain and Kenya.

In India, Floriculture industry comprises flower trade, production of nursery plants and potted plants, seed and bulb production, micro propagation and extraction of essential oils. Though the annual domestic demand for the flowers is growing at a rate of over 25% and the international demand at around Rs 90,000 crore, India's share in the international market of flowers is negligible. Still, India has a blooming future as far as floriculture is concerned. Enormous genetic diversity,

varied agro climatic conditions, versatile human resources etc. offers India a unique scope for judicious employment of existing resources and exploration of avenues yet untouched.

According to NHB database (2013), India produces nearly 76731.9 (lakh number) of cut flowers and 1729.2 ('000MT) of loose flowers from an area of 232.7 ('000ha). West Bengal is the leading cut flower producing state (33.1%) while; Tamil Nadu produces maximum loose flowers (18.10%). The expert committee set up by Government of India for promotion of export oriented floriculture units has identified Bangalore, Pune, New Delhi and Hyderabad as the major cities for floral activities especially for cut flowers. APEDA (Agricultural and Processed Food Products and Export Development Authority) is the registering authority for such units.

Professional qualification combined with an inclination towards gardening and such other activities produces efficient floriculturists and landscaping professionals. The skills and knowledge required are imparted under the professional courses of floriculture and landscaping. Yet the love and affection towards flowers and mother Earth plays an emphatic role towards making up career in Floriculture.



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We must be proud of our villages: PM

The Prime Minister, Shri Narendra Modi, has urged Panchayat members to work with a five-year vision with concrete development plans to bring about positive changes in their village.

In his remarks at a function in New Delhi to mark National Panchayati Raj Day, the Prime Minister hailed the contribution of women in the functioning of Panchayats across the country, and called for an end to the practice of "husbands of female Sarpanches" - "Sarpanch Pati" - exercising undue influence.

The Prime Minister said we must be proud of our villages. He urged Panchayat members to instil a feeling of respect and pride towards villages. He said this required a firm resolve, rather than any budgetary provision. He gave some suggestions in this regard, such as celebrating a birthday of the village. He said issues such as education of children in the village, and vaccination for children, should be paid special attention to, by Panchayat members.

The Prime Minister urged Panchayat members to motivate all Government officials in their village to spend at least one hour a week with schoolchildren of the village.

The Prime Minister gave away the Annual Devolution Index (States) Awards, and E-Panchayat Awards, and congratulated the Zila Parishads and Gram Panchayats who were being felicitated on the occasion.

MUDRA BANK TO...
Continued from page 1

to create a robust India-centric financial ecosystem to support the small business sector. The non availability of requisite finance by core banking sector has necessitated the formation of MUDRA which should act like a Regulator, Developer and Re-financier to facilitate easy finance to this unincorporated sector. MUDRA will enable the channelization of vast resources to the MSMEs sector and this will surely transform the economic well-being of millions of small people.

Prime Minister, Narendra Modi at the launch of Pradhan Mantri MUDRA Yojana highlighted the importance of MSMEs in the employment generation. Giving the example of the perception that large industries create more employment, he said that a look at the details reveals the reality that only 1 crore 25 lakh people find employment in large industries, whereas small enterprises employ 12 crore people in the country. Further, he said that the biggest asset of the poor is his integrity (imaan) and by combining their integrity (imaan) with capital (MUDRA), it would become the key to their success. He also gave examples of other small businesses which faced exploitation at the hands of money lenders so far, but creation of MUDRA would instill a new confidence in them and thus would contribute to the task of nation building. MUDRA, will be set up through a statutory enactment and would be responsible for developing and refinancing all Micro-finance Institutions (MFIs) which are in the business of lending to micro and small business entities engaged in manufacturing, trading and service activities, through a Pradhan Mantri MUDRA Yojana. Further, MUDRA would also partner

with State and Regional level coordinators to provide finance to Last Mile Financiers of micro and small business enterprises.

Various roles envisaged for MUDRA would include laying down policy guidelines for micro enterprises financing business and responsible financing practices to ward off over indebtedness, registration of MFI entities, accreditation of MFI entities, ensuring proper client protection principles and methods of recovery. It will support promotional activities in the MSMEs and would be responsible for creation of a good architecture and development of standardised set of financial rules governing last mile lending to micro enterprises. Further, it will also be responsible for formulation and operation of a credit guarantee scheme for the provision of guarantees to the loans which are being extended to the micro and small businesses. Businesses and entrepreneurs covered under MUDRA would include proprietorship firms or partnership firms running as small manufacturing units, small industries, self help groups, grocers, washermen, weavers, transporters, truck operators, vegetable sellers, shopkeepers, hawkers, beauty parlours, hair cutting salon, artisans, food service units, machine operators, repair shops, food processors, professionals and service providers etc. both in rural and urban areas with financing requirements upto Rs.10 lakh. Majority of these entrepreneurs belong to SCs, STs, OBCs and minority community. MUDRA Bank will provide loans to these neglected segments at affordable rates which in



turn will help in their overall development.

The initial products and schemes under MUDRA have been divided into three categories - 'Shishu', 'Kishor' and 'Tarun', to signify development and funding needs of the micro unit. 'Shishu' would cover loans upto Rs. 50,000, 'Kishor' would cover loans above Rs. 50,000/- and upto Rs. 5 lakh and 'Tarun' would cover loans above Rs. 5 lakh and upto Rs. 10 lakh.

The products initially being launched under MUDRA are sector specific or activity specific schemes, such as schemes for business activities in land transport, Social & Personal Services, Food Product and Textile Product sectors. Further, Micro Credit Scheme (MCS), Refinance Scheme for Regional Rural Banks (RRBs) and Scheduled Co-operative Banks, Mahila Uddyami Scheme, Business Loan for traders & shopkeepers, Missing Middle Credit Scheme and Equipment Finance for Micro Units are the other schemes which have been launched under MUDRA Yojana.

The idea of MUDRA Bank is not just based on meeting the credit and financial needs of small enterprises. Rather than just providing credit, it is based on the "Credit-Plus" approach under which access to credit will be combined with various enterprises development and welfare-related services and will take up interventions for providing development support across various beneficiary segments. Some of the proposed initiatives under MUDRA would include supporting financial literacy, Promotion and Support of Grass Root

Institutions, Creation of framework for "Small Business Finance Entities where" where it will work with credit bureaus and rating agencies and synergies with National Rural Livelihoods Mission and National Skill Development Corporation. Going forward, other proposed offerings under MUDRA are MUDRA Card, Portfolio Credit Guarantee and Credit Enhancement.

Ideally, MUDRA should be the Regulator in order to bring all financial institutions of micro and small sector under one roof. It should cover Self Help Groups (SHGs), Non-Banking Finance Companies (NBFCs), Micro Financial Institutions (MFIs), Trust, Societies etc. which are lending money to small business but are governed by multiple authorities and laws. MUDRA should be true to its role as a Development Agency, much like the National Housing Bank which is a Regulator as well as a Development Agency.

Going ahead, the design of MUDRA Bank will not only cater to the financial problems of MSMEs but also provide moral support to vast pool of young population to materialize their dreams of becoming an entrepreneur. Further, the increased access to institutional finance to micro units by MUDRA Bank will provide much-needed financial access to MSMEs, promote growth of small businesses, help boost the country's GDP and create jobs in the coming times.

(The author is the President PHD Chamber of Commerce & Industry.)



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NEWS DIGEST

- Prime Minister Narendra Modi has pressed for the mapping of human resources to develop region specific talents and making the nation a services exports hub. Inaugurating the Global Exhibition on services in New Delhi, he, said it is time for a journey from brain drain to brain gain for development.
- The Home Ministry has placed the international funding organisation the 'Ford Foundation' on its watch list following inputs received from security agencies. It was found that 'Ford Foundation' has been funding those entities which are not registered under Foreign Contribution Regulation Act, and such activities amount to serious violation of Act.
- The Maharashtra government has banned the sale and use of sharp kite strings called 'manja' which injure and kill birds as well as people. A circular under Section 5 of Environment (Protection) Act 1986 was issued after a petition seeking a ban on 'manja' was filed in the Nagpur bench of the Bombay High Court.
- The Reserve Bank has revised Priority Sector Lending norms, asking to give 8 per cent of their total credit to small and marginal farmers. The overall target for agriculture has been kept unchanged at 18 per cent. However, the distinction between direct and indirect agriculture has been dispensed with and loans to food and agro processing units will now form part of agriculture. It has also added new segments like medium enterprises, social infrastructure and renewable energy firms under the ambit of priority sectors.
- BSNL has announced unlimited free calling scheme during night-hours on landline phones from 1st May. This will help BSNL in reviving its landline business. The scheme will allow making calls free of cost to any operator, including mobile phones, anywhere in the country between 9 PM and 7 AM and covers all types of connections.
- Final clinical trials of a malaria vaccine, the first to reach this stage, suggest it could help protect millions of children against malaria. Data from the trial published in journal, The Lancet, showed the drug RTS-S protected about one-third of children vaccinated. Malaria kills more than half-a-million children a year and there is currently no licensed vaccine against it anywhere in the world.

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