

## Cap on Mudra loans hiked

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**New Delhi:** The Centre has doubled the loan amount under the Pradhan Mantri Mudra Yojana (PMMY) to ₹20 lakh to bolster micro and small enterprises.

Finance minister Nirmala Sitharaman had announced the measure in the Union budget in July.

Under the PMMY, borrowers can now get loans up to ₹20 lakh from banks, non-banking financial companies and micro-finance institutions. The government will offer a credit guarantee for loans up to this sum.

A finance ministry notification said the Centre has

created a new category of borrowers — Tarun Plus — with loans between ₹10 lakh and ₹20 lakh.

Loans will be offered only if the borrowers have repaid loans under the Tarun category.

The guarantee coverage of PMMY loans up to ₹20 lakh will be provided under the Credit Guarantee Fund for Micro Units (CGFMU).

The PMMY was launched on April 8, 2015, by Prime Minister Narendra Modi to facilitate easy collateral-free micro-credit of up to ₹10 lakh to non-corporate, non-farm small and micro-entrepreneurs for income-generating activities.

According to the existing

scheme, banks provide collateral-free loans up to ₹10 lakh under three categories — Shishu (up to ₹50,000), Kishore (between ₹50,000 and ₹5 lakh) and Tarun (₹10 lakh).

### **Credit slack**

Ratings agency Icria anticipates a steady slowdown in credit growth for banks and non-bank financial companies (NBFCs) on account of regulatory measures and tighter funding conditions in the domestic markets.

The agency estimates the incremental bank credit growth to slow down to ₹19-20.5 lakh crore in 2024-25, around 12 per cent year-on-year growth compared with ₹22.3 lakh crore a year ago.