
OPPORTUNITY INFRASTRUCTURE

Bank-Led Credit for Enterprise

WHAT THIS INSTITUTION IS

This is not one institution — it is a function distributed across every bank branch in the district. When a young person wants to start a small business, the Indian banking system has multiple government-backed schemes that make capital available, especially to first-generation entrepreneurs, Scheduled Caste (SC) / Scheduled Tribe (ST) communities, and women. The three key schemes are Pradhan Mantri MUDRA Yojana (PMMY — Micro Units Development & Refinance Agency), the Prime Minister's Employment Generation Programme (PMEGP), and Stand-Up India. At the district level, the Lead District Manager (LDM) coordinates all banks on financial inclusion targets. The District Consultative Committee (DCC) reviews credit flow.

WHY THIS MATTERS TO YOU

If you want to start a business and need a loan, you do not need collateral for smaller amounts. MUDRA Shishu loans up to Rs 50,000 are collateral-free with no guarantor requirement. PMEGP gives you a 15-35% subsidy on your project cost. These are available at any bank branch.

**GOVERNANCE**

| LAW / POLICY | SCOPE |
|--|---|
| Reserve Bank of India (RBI) Priority Sector Lending (PSL) Guidelines | Mandate lending targets for micro and small enterprises |
| Lead Bank Scheme (1969; framework last revised 2009 on High Level Committee recommendations) | One bank designated as Lead Bank per district to coordinate priority-sector lending and financial inclusion |
| PMMY Guidelines | MUDRA loans through Small Industries Development Bank of India (SIDBI) refinance |
| PMEGP Revised Guidelines, 2023 | District Industries Centre (DIC) / Khadi and Village Industries Commission (KVIC) implements; bank sanctions loan with margin money subsidy |
| Stand-Up India (original scheme launched April 2016, ended March 2025) | Revamped scheme for SC/ST and women entrepreneurs announced by the Finance Minister on 16 March 2026; guideline awaited at time of writing |
| Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) | Collateral-free credit guarantee up to Rs 10 crore for Micro, Small and Medium Enterprises (MSMEs); up to Rs 20 crore for startups |

- **Centre:** RBI (priority sector targets, Lead Bank Scheme) → SIDBI/MUDRA (refinance)
- **State:** State Level Bankers' Committee (SLBC) – convened by the lead bank of the state; members include all banks operating in the state, RBI, National Bank for Agriculture and Rural Development (NABARD), state government departments; meets quarterly to review priority-sector lending, PMMY, PMEGP, Stand-Up India, and financial-inclusion targets
- **District:** Lead District Manager (LDM) → District Consultative Committee (DCC) (District Collector as chair; LDM as convener; Lead District Officer (LDO) of RBI; NABARD; all commercial banks operating in the district including Small Finance Banks (SFBs), Wholly Owned Subsidiaries (WOS) of foreign banks, Regional Rural Banks (RRBs), payments banks, and state/district central co-operative banks; State Government departments and allied agencies; meets quarterly) → District Level Review Committee (DLRC) (reviews pace and quality of Lead Bank Scheme implementation; chaired by the District Collector; convened by the LDM; DCC members attend; local Members of Parliament (MPs), Members of the Legislative Assembly (MLAs) and Zilla Parishad chairpersons are invariably invited; quarterly) → Block Level Bankers' Committee (BLBC) (at block level; LDM as chair; members include all banks operating in the block, Block Development Officer (BDO), and technical/extension officers for agriculture, industries and cooperatives; NABARD's District Development Manager (DDM) attends)
- **Branch:** Branch Manager (lending decisions)
- **Functional oversight roles:** Financial Literacy Counsellor at the Financial Literacy Centre (FLC) at block level per SLBC / RBI guidelines; Business Correspondent (BC) supervisors at branch level
- **PMEGP route:** KVIC → State Khadi and Village Industries Board (KVIB) / DIC → District Task Force → Bank branch



KEY POSITIONS

| POSITION | RESPONSIBILITY |
|-----------------------------|--|
| Lead District Manager (LDM) | Coordination point for all banking activity in the district; monitors credit targets, convenes DCC |
| Branch Manager | Lending decision-maker; sanctions MUDRA Shishu without higher approval |
| KVIC/KVIB District Officer | Implements PMEGP; receives applications, forwards to banks |
| DIC General Manager | Facilitates PMEGP applications, provides enterprise recommendations |

MANDATED SERVICES

- MUDRA loans in four categories – Shishu (up to Rs 50,000), Kishore (Rs 50,000–Rs 5 lakh), Tarun (Rs 5–10 lakh), Tarun Plus (Rs 10–20 lakh, for borrowers who have successfully repaid a Tarun loan); all four categories are collateral-free; available through scheduled commercial banks, RRBs, SFBs, NBFCs, and MFIs
- PMEGP loans for new enterprises: up to Rs 50 lakh (manufacturing) / Rs 20 lakh (services) with 15-35% margin money subsidy; eligibility: age 18+, Class 8 pass for larger projects
- The RBI Master Direction on Micro, Small and Medium Enterprise (MSME) Lending bars banks from taking collateral on loans up to Rs 20 lakh to Micro and Small Enterprise (MSE) units, and extends the same Rs 20 lakh collateral-free ceiling to PMEGP units financed through KVIC
- Stand-Up India (original scheme launched April 2016, ended March 2025; revamped scheme for SC/ST and women entrepreneurs announced by the Finance Minister on 16 March 2026, guideline awaited at time of writing)
- PM-SVANidhi (launched 2020; restructured by Cabinet on 27 August 2025; extended to 31 March 2030) – collateral-free working capital loans to street vendors in three tranches of Rs 15,000, Rs 25,000 and Rs 50,000; vendors who have repaid the second loan become eligible for a UPI-linked RuPay credit card (limit per the operative MoHUA scheme guideline)
- CGTMSE: credit guarantee that compensates banks for defaults on collateral-free MSE loans, covering fund and non-fund credit facilities up to Rs 10 crore per borrower (typical risk-cover up to 75% of default); the complementary RBI rule barring collateral on MSE loans up to Rs 20 lakh is what creates the need for this guarantee

LINKED SCHEMES

- MUDRA (PMMY) – micro-enterprise loans up to Rs 20 lakh in 4 categories
- PMEGP – margin money subsidy (15-35%) plus bank loan for new enterprises
- Stand-Up India – loans Rs 10 lakh to Rs 1 crore for SC/ST and women entrepreneurs
- CGTMSE – collateral-free credit guarantee for MSMEs up to Rs 10 crore
- PM Vishwakarma – credit plus training for traditional artisans in 18 trades
- PM-SVANidhi – collateral-free working capital loans for street vendors (Rs 15K / Rs 25K / Rs 50K tranches; UPI-linked RuPay credit card on second-tranche repayment)
- DAY-NRLM (Self-Help Group (SHG) bank linkage) – SHG loans for group enterprises

HOW TO LOCATE

Portal: mudra.org.in for MUDRA scheme guidelines; kviconline.gov.in for PMEGP application tracking



Also: Visit any public sector bank branch and ask about MUDRA loans; visit the DIC for PMEGP applications; find the LDM by searching "[your district] Lead District Manager"

KEY FACILITIES

Bank branches are the infrastructure. What matters at the district level is branch density, whether rural/semi-urban branches process enterprise loans, and whether the LDM office has a functional credit counselling facility.

WHAT A FUNCTIONING BANK CREDIT SYSTEM LOOKS LIKE

- Bank branches provide MUDRA Shishu application forms without demanding collateral or guarantor
- PMEGP applications are moving through the pipeline: submitted, sanctioned by Task Force, disbursed
- Stand-Up India loans have been disbursed in the district (mandate: at least 2 per branch)
- Rural Self-Employment Training Institute (RSETI) graduates who completed training have received credit linkage loans
- Loan melas or credit camps are held periodically in the district
- The LDM can share district-level MUDRA disbursement data by branch

GRIEVANCE REDRESSAL

During service delivery. The first point of contact is the Branch Manager. For MUDRA, PMEGP, or Stand-Up India denials, a written complaint with acknowledgement is the first step.

After service. Escalation is to the bank's zonal office (customer service cell) and the Lead District Manager (LDM). The District Consultative Committee (DCC) is the formal bank-coordination review forum; unresolved matters can be raised through the SLBC. The LDM also convenes quarterly public meetings at locations across the district, in coordination with the RBI's LDO and local banks, to generate awareness, take public feedback, and address individual grievances.

External. The RBI Integrated Ombudsman Scheme at cms.rbi.org.in covers every scheduled bank — including MUDRA, PMEGP, and Stand-Up India loan disputes, customer-service failures, and unfair fee practices. The Reserve Bank - Integrated Ombudsman Scheme (Reserve Bank Integrated Ombudsman Scheme (RB-IOS)) 2026, issued on 16 January 2026, replaces the 2021 scheme with effect from 1 July 2026. MUDRA grievances go through mudra.org.in. PMEGP-specific complaints go to KVIC at kviconline.gov.in. For PSL-target non-compliance, SLBC and RBI's regional office handle. Centralised Public Grievance Redress and Monitoring System (CPGRAMS) (pgportal.gov.in) covers central-ministry escalation.
