

Pradhan Mantri Mudra Yojana

August 15, 2019

Source: Press Information Bureau

Scheme launched in April, 2015 to provide formal access of financial facilities to Non Corporate Small Business Sector. The basic objective of the scheme is to promote & ensure bank finance to unfunded segment of the Indian economy

Key features of the scheme

- Under the scheme the non-corporate, non-farm small/micro enterprises are provided loans upto ₹10 lakh. These loans are classified as MUDRA loans under PMMY. For this a new institution Micro Units Development & Refinance Agency Ltd. (MUDRA) was set up by the government of India.
- The loans under PMMY are given by Commercial Banks, RRBs, Small Finance Banks, MFIs and NBFCs.
- **Types of loans:** Under the aegis of Pradhan Mantri Mudra Yojana (PMMY), MUDRA has created three products i.e. **'Shishu', 'Kishore' and 'Tarun'** as per the stage of growth and funding needs of the beneficiary micro unit. These schemes cover loan amounts as below:
 1. Shishu: covering loans up to ₹50,000
 2. Kishore: covering loans above ₹50,000 and up to ₹5,00,000
 3. Tarun: covering loans above ₹5,00,000 and up to ₹10,00,000
- **Eligibility:** All Non-Corporate Small Business Segment (NCSBS) comprising of proprietorship or partnership firms running as small manufacturing units, service sector units, shopkeepers, fruits/vegetable vendors, truck operators, food-service units, repair shops, machine operators, small industries, food processors and others in rural and urban areas, are eligible for

assistance under Mudra.

- **Purpose of Loan assistance:** As MUDRA loan is a business loan, the loan amount cannot be used for personal needs. It is provided to small businesses that carry out specific activities in the manufacturing, services or trading sectors. Businesses can utilize the capital obtained from a MUDRA loan for marketing purposes, increasing the available working capital or for acquiring capital assets to grow the business.
- Bank branches would facilitate loans under Mudra scheme as per customer requirements. Loans under this scheme are collateral free loans.
- **MUDRA is a refinancing Institution.** MUDRA does not lend directly to the micro entrepreneurs / individuals. Mudra loans under Pradhan Mantri Mudra Yojana (PMMY) can be availed of from nearby branch office of a bank, NBFC, MFIs etc. Borrowers can also now file online application for MUDRA loans on **Udyamimitra portal**