

Pradhan Mantri MUDRA Yojana (PMMY)

1. Details

Scheme Overview

The **Pradhan Mantri MUDRA Yojana (PMMY)** is a flagship scheme launched by Hon'ble Prime Minister Shri Narendra Modi on **April 8, 2015** to provide financial support to micro enterprises in India. MUDRA stands for **Micro Units Development & Refinance Agency Ltd.**, which is a financial institution established by the Government of India under the Ministry of Finance.

Objectives

The primary objectives of PMMY are:

- **Financial Inclusion:** To provide collateral-free access to credit for micro enterprises
- **Fund the Unfunded:** To support marginalized entrepreneurs who traditionally remain outside the formal banking system
- **Employment Generation:** To create employment opportunities in the non-farm sector
- **Economic Empowerment:** To foster entrepreneurship and economic development at the grassroots level
- **Support for Women and Minorities:** To provide special focus on women and minority entrepreneurs

Scheme Structure

PMMY provides loans through various financial institutions without requiring collateral or guarantee. The scheme is structured into **four categories** based on loan amount:

1. **Shishu:** Loans up to ₹50,000
2. **Kishore:** Loans from ₹50,001 to ₹5 lakh
3. **Tarun:** Loans from ₹5,00,001 to ₹10 lakh
4. **Tarun Plus:** Loans from ₹10,00,001 to ₹20 lakh (*introduced in October 2024*)

Loan Disbursement Mechanism

MUDRA does not lend directly to entrepreneurs. Loans are disbursed through **Member Lending Institutions (MLIs)** including:

- Scheduled Commercial Banks

- Regional Rural Banks (RRBs)

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- Small Finance Banks (SFBs)
- Non-Banking Financial Companies (NBFCs)
- Micro Finance Institutions (MFIs)

2. Benefits

Financial Benefits

Collateral-Free Loans

- No security or collateral required
- No third-party guarantee needed
- Loans available up to ₹20 lakh

Interest Rate Benefits

- Competitive interest rates determined by lending institutions
- **2% interest subvention** available on Shishu loans for prompt repayment within 12 months
- No processing fees for loans under certain categories

Credit Guarantee Coverage

- Loans covered under **Credit Guarantee Fund for Micro Units (CGFMU)**
- Protection for lenders against default risk

Business Benefits

Flexible Usage

- Working capital requirements
- Purchase of machinery and equipment
- Infrastructure development
- Raw material procurement
- Marketing and business development

Repayment Flexibility

- Flexible repayment tenure (typically 3-5 years)
- Structured repayment schedule based on business cash flow
- Option for prepayment without penalty

Additional Benefits

- RuPay debit card for easy credit access
- Overdraft facility for working capital
- ATM and POS facility
- Flexible repayment options

Digital Support

- MUDRA MITRA mobile app for guidance
- Online application facility
- Digital loan tracking

Special Support

- Handholding support for application process
- Dedicated customer service
- Business advisory services

3. Eligibility

Primary Eligibility Criteria

Individual Eligibility

- Any Indian citizen aged 18 years and above
- Individuals engaged in income-generating activities
- Proprietorship firms and partnerships
- Private Limited Companies and LLPs
- Self-Help Groups (SHGs)
- Joint Liability Groups (JLGs)

Business Eligibility

- **Non-farm micro enterprises** engaged in:
 - Manufacturing activities
 - Trading activities
 - Service sector activities
 - Activities allied to agriculture

Sector-Specific Eligibility

- Small manufacturing units
- Food service units

- Repair and maintenance shops
- Machine operators
- Food processors

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- Textile product manufacturers
- Village industrialists
- Shopkeepers
- Fruit and vegetable vendors
- Truck operators
- Small general stores

Specific Category Eligibility

Shishu Category (Up to ₹50,000)

- Start-up businesses
- Micro enterprises in initial stages
- Traditional artisans and craftsmen
- Small traders and vendors

Kishore Category (₹50,001 to ₹5 lakh)

- Established small businesses
- Growing enterprises
- Businesses requiring expansion capital

Tarun Category (₹5,00,001 to ₹10 lakh)

- Well-established businesses
- Enterprises requiring significant capital
- Businesses in growth phase

Tarun Plus Category (₹10,00,001 to ₹20 lakh)

- Entrepreneurs who have **successfully availed and repaid** previous loans under Tarun category
- Businesses requiring substantial expansion capital
- Established enterprises with proven track record

Exclusion Criteria

Ineligible Borrowers

- Defaulters to any bank or financial institution
- Individuals with unsatisfactory credit history
- Businesses engaged in illegal activities

- Agricultural activities (covered under separate schemes)

Ineligible Activities

- Purely agricultural activities

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- Speculative business activities
- Activities not permitted under government regulations

4. Application Process

Step 1: Pre-Application Preparation

Document Preparation

- Gather all required documents
- Prepare business plan and project report
- Obtain necessary registrations (Udyam Registration mandatory)

Choose Loan Category

- Determine appropriate loan amount
- Select suitable category (Shishu/Kishore/Tarun/Tarun Plus)
- Identify lending institution

Step 2: Online Application Process

Portal Access

- Visit official portals:
 - [Udyamimitra Portal](#)
 - [PSB Loans in 59 Minutes](#)
 - Individual bank websites

Online Application Steps

1. Register on the portal
2. Fill online application form
3. Upload required documents
4. Submit application
5. Track application status

Step 3: Offline Application Process

Visit Branch

- Visit nearest branch of participating bank/NBFC/MFI
- Meet with designated MUDRA Nodal Officer
- Collect application form

Application Submission

1. Fill application form completely

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2. Attach all required documents
3. Submit to bank officials
4. Obtain acknowledgment receipt

Step 4: Application Processing

Initial Screening

- Document verification
- Eligibility assessment
- Business plan evaluation
- Credit history check

Approval Process

- Technical evaluation
- Financial assessment
- Risk evaluation
- Credit committee approval

Loan Disbursement

- Loan sanction letter
- Agreement signing
- Account opening
- Fund disbursement

Step 5: Post-Disbursement

Loan Monitoring

- Regular follow-up by bank
- Utilization monitoring
- Repayment tracking
- Support services

Contact Information

Official Website: www.mudra.org.in

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Helpline Numbers:

- Toll-free: 1800 180 1111
- Toll-free: 1800 11 0001

Application Portals:

- [Udyamimitra Portal](#)
- [PSB Loans in 59 Minutes](#)

Mobile App: MUDRA MITRA (Available on Google Play Store and Apple App Store)

Key Features Summary

- **Loan Amount:** Up to ₹20 lakh
- **Collateral:** Not required
- **Interest Rates:** Competitive, determined by lending institutions
- **Tenure:** Up to 5 years
- **Processing Time:** Quick processing through digital platforms
- **Coverage:** Pan-India through extensive network of financial institutions

This scheme represents the Government of India's commitment to fostering entrepreneurship and supporting the dreams of millions of micro entrepreneurs across the country. The increase in loan limit to ₹20 lakh and introduction of Tarun Plus category demonstrates the government's continued support for growing businesses and economic development.