



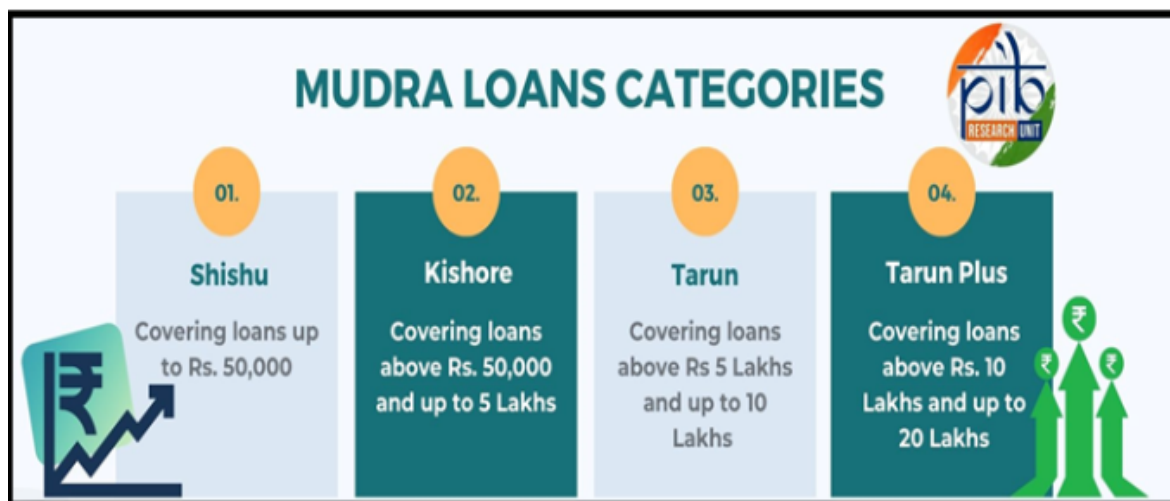
Pradhan Mantri MUDRA Yojana (PMMY)

Key Points

- **Launch Year:** 2015
- **Type:** Central Sector Scheme.
- **Objective:** To empower small and micro entrepreneurs by providing them with financial support.
- **Nodal Agency:** Department of Financial Services, Ministry of Finance.
- **Beneficiaries:** Entrepreneurs in the non-corporate, non-farm sector.

What are the Key Features of PM MUDRA Yojana?

- **About:** The aim of PMMY is to facilitate easy collateral-free micro credit to non-corporate, non-farm small and micro entrepreneurs for income generating activities.
 - **MUDRA (Micro Units Development and Refinance Agency)** was launched in 2015, to provide refinance support to financial institutions like **banks, micro-finance institutions (MFIs), and non-banking financial companies (NBFCs)**.
 - It provides **refinance, credit guarantee, and development support** to financial institutions, helping them extend financial services to micro-enterprises in manufacturing, trading, and services.
- **Loan Limits Under Various Categories:** The **Pradhan Mantri MUDRA Yojana (PMMY)** offers loans under four distinct categories, each catering to different stages of business growth. The loan limits for each category are as follows:
 - **Shishu Category:**
 - **Loan Limit:** Up to **Rs 50,000**
 - This category is designed for businesses that are in the initial phase of their operations and need minimal capital to start or maintain their activities.
 - **Kishore Category:**
 - **Loan Limit:** **Rs 50,000 to Rs 5 lakh**
 - The **Kishore category** supports businesses that are in the growth phase and require additional funding to expand their operations or increase their working capital.
 - **Tarun Category:**
 - **Loan Limit:** **Rs 5 lakh to Rs 10 lakh**
 - The Tarun category caters to well-established businesses that require larger loans to scale up their operations, increase production capacity, and expand their market reach.
 - **Tarun Plus Category:**
 - **Loan Limit:** **Rs.10 lakh to Rs. 20 lakhs (Raised Union Budget 2024-25)**
 - This newly introduced category provides additional financial support for businesses that have successfully repaid loans under the **Tarun category** and are looking to take their operations to the next level with higher funding needs.



- **Eligible Beneficiaries:** Eligible **borrowers** include **individuals, proprietary concerns, partnership firms, private and public limited companies**, and **other legal entities**.
- **Loan Disbursement:** Loans under PMMY are disbursed by various **Member Lending Institutions (MLIs)**, including banks (public and private sector), **regional rural banks, small finance banks, MFIs, and NBFCs**.
- **Collateral-Free Loans:** One of the significant features of PMMY is that it provides loans without the need for collateral.
 - This makes it accessible to entrepreneurs who may not have assets to pledge, thereby reducing the barriers to obtaining finance.
- **Credit Guarantee:** The **Credit Guarantee Fund for Micro Units (CGFMU)** offers additional security by providing guarantee coverage for loans under PMMY.
 - It ensures that financial institutions are protected from defaults, thus encouraging more lending to the microenterprise sector.

Need for the MUDRA Yojana



MUDRA Card

- **Purpose:** The **MUDRA Card** is an innovative financial product that provides a hassle-free credit facility to borrowers, enabling them to manage their working capital needs efficiently.
- **Rupay Debit Card:** This card functions as a **RuPay debit card**, allowing entrepreneurs to withdraw cash from ATMs, make payments using **Point of Sale (POS) machines**, and access funds directly for business-related expenses.
- **Overdraft Facility:** The **MUDRA Card** comes with an overdraft facility, meaning that borrowers can use it as a credit line and repay it as and when they have surplus cash, reducing the cost of credit by minimizing interest charges.

What Steps Have Been Taken to Improve Scheme Implementation?

- **Online Application Platforms:** The scheme has integrated online portals like **PSBloansin59minutes** and **Udyamimitra**, making it easier for entrepreneurs to apply for loans from the comfort of their homes or offices.
 - Also, **MUDRA MITRA** is a mobile app that offers information on MUDRA schemes, guides loan seekers to bankers, and provides loan-related materials and application forms.
- **Publicity Campaigns:** Extensive public awareness campaigns are conducted nationwide to raise awareness about PMMY, ensuring that all eligible entrepreneurs are aware of the scheme and its benefits.
- **Simplified Forms:** The application process has been simplified by streamlining the forms, making them more accessible and less time-consuming for potential borrowers.
- **Nodal Officers:** MUDRA has designated **MUDRA Nodal Officers** in Public Sector Banks (PSBs) to oversee the scheme's implementation, ensuring effective monitoring and support for applicants.
- **Interest Subvention:** A 2% **interest subvention** is provided for prompt repayment of **Shishu loans** under **PMMY**, applicable for a period of 12 months to all eligible borrowers.

Achievements of PMMY

- **Significant Financial Disbursement:** As of 13th December 2024, 3.20 crore PMMY loans have been **sanctioned**, amounting to **Rs 3,02,967.03 crore**.
 - Of this, **Rs 2,95,808.08 crore** has been disbursed, reflecting significant progress under the scheme.
- **Empowerment of Marginalized Groups:** Around **69% of MUDRA loan** accounts are held by **women**, while **51%** belong to **SC/ST and OBC** entrepreneurs, promoting gender equality and social equity.
- **Boost to Self-Employment:** The scheme has encouraged **self-employment**, particularly in **rural and semi-urban areas**, fostering small business development and job creation.
- **Reduced Non-Performing Assets (NPAs):** The **NPA rate** under the scheme dropped from 3.61% in FY21 to **2.1%** in FY24, reflecting improved financial discipline among borrowers.
- **Steady Increase in Lending Exposure:** Total MUDRA loan exposure rose from ₹3.3 lakh crore in FY22 to over ₹5 lakh crore in FY24, demonstrating the scheme's expanding reach.
- **Focus on Rural Inclusion:** The scheme has impacted rural entrepreneurs, though unequal regional distribution of credit highlights the need for targeted outreach.

Achievements Under PMMY Since Inception

Financial Year :	: 2024-2025
No. Of PMMY Loans Sanctioned :	: 32013414 *
Amount Sanctioned :	: ₹ 302967.03 CRORE *
Amount Disbursed :	: ₹ 295808.08 CRORE *

*Provisional Data

Last Updated on: 13/12/2024

PDF Refernece URL: <https://www.drishtiias.com/printpdf/pradhan-mantri-mudra-yojana-pmmmy>

