



**PRESS INFORMATION BUREAU**  
( Research Unit )  
Ministry of Information and Broadcasting  
Government of India



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Frequently Asked Questions (FAQs)

**Pradhan Mantri Mudra Yojana**

(Ministry of Finance)

December 29, 2021

**1. What is the MUDRA<sup>1</sup> scheme?**

MUDRA, which stands for Micro Units Development & Refinance Agency Ltd, is a financial institution set up by the Government of India under Pradhan Mantri Mudra Yojana (PMMY) for development and refinancing micro unit enterprises. It was announced by the Finance Minister while presenting the [Union Budget for 2015-16](#). The purpose of MUDRA is to provide funding to the non-corporate small business sector through various last-mile financial institutions like banks, non-banking financial institutions (NBFC) and micro finance institutions (MFI).

**2. What is Pradhan Mantri Mudra Yojana?**

Pradhan Mantri Mudra Yojana (PMMY) is a scheme [launched by the Prime Minister](#) for providing loans upto INR 10 Lakhs to non-corporate, non-farm small/ micro enterprises.

**3. Who are the objective customers of MUDRA/ What sort of borrowers are qualified for help from MUDRA?**

Non–Corporate Small Business Segment (NCSB) comprising of millions of proprietorship /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, artisans, food processors and others, in rural and urban areas are qualified for help through the scheme.

**4. What are the various types of loan options available under Pradhan Mantri MUDRA Yojana?**

Under MUDRA scheme, the following loans are available to eligible company:

- *Shishu*: covering loans upto INR 50,000,
- *Kishor*: covering loans above INR 50,000 and upto INR 5 lakh,
- *Tarun*: covering loans above INR 5 lakh and upto INR 10 lakh.

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<sup>1</sup> <https://www.investindia.gov.in/faq-pdf/29/en>

## **5. What is the rate of interest on MUDRA loans?**

The interest rates are deregulated and the banks have been advised to charge reasonable interest rates within the overall guidelines of the Reserve Bank of India.

## **6. Who are eligible under MUDRA?**

Any Indian citizen who has a business plan for a non-farm income-generating activity such as manufacturing, processing, trading or service sector whose credit need is less than INR 1 million can approach either banks, micro finance institutes or non-banking financial companies for availing of MUDRA loans under PMMY. The usual terms and conditions of the lending agency may have to be followed for availing of loans under Pradhan Mantri Mudra Yojana (PMMY).

## **7. Under PMMY-Shishu loans, what is the turnaround time for processing the loan proposal?**

For Shishu loans, normally seven to ten days is the turnaround time for processing the loan proposals on receipt of complete information.

## **8. If someone intends to work on franchise model, how can MUDRA help them?**

MUDRA operates a special refinance scheme for traders and shopkeepers. People can avail the facilities under the scheme as per the requirements from any banks/MFIs/NBFCs in the area.

## **9. What are the agencies providing loans under Micro Units Development and Refinance Agency?**

Pradhan Mantri Mudra Yojana (PMMY) loans will be extended by all Public sector Banks such as PSU banks, Regional Rural Banks (RRBs), Cooperative Banks, Private Sector Banks, Foreign Banks, Micro Finance Institutions and Non-Banking Finance Companies.

## **10. What is the usage of the Micro Units Development and Refinance Agency Card?**

MUDRA Card is an innovative credit product wherein the borrower can avail of credit in a hassle free and flexible manner. It will provide a facility of working capital arrangement in the form of Cash Credit (CC) / Overdraft (OD) to the borrower. Since MUDRA Card will be [RuPay](#) debit card, it can be used for drawing cash from ATM or Business Correspondent or make purchase using Point of Sale (POS) machine. Facility is also there to repay the amount as and when surplus cash is available, thereby reducing the interest cost.

## **11. Is there any standard format of application to avail MUDRA loans?**

Yes. In respect of Shishu category, a one-page application format has been designed which has been posted in MUDRA website. In respect of Kishor and Tarun category, a three-page indicative application format has been designed and the same is also posted in MUDRA website.

**12. What is the list of documents needed for availing MUDRA loans?**

List of documents required for availing MUDRA loans are Application form, Address Proof, identity proof, Bank Statement of defined period, statutory return and others as may be required.

**13. What is the grievance mechanism available against bank officials, in the event of non-sanction of loan?**

Any grievance against non-consideration of MUDRA loan can be registered with the higher authorities in the respective bank like Regional Manager / Zonal Manager of the Bank, provided there is any lapse from the bank officials in sanctioning the loan.

**14. Is there any requirement for a life insurance for MUDRA scheme?**

Life insurance is not required for loans under PMMY.

**Reference**

- <https://www.investindia.gov.in/faq-pdf/29/en>

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