

PRADHAN MANTRI MUDRA YOJANA COMPLETES SEVEN YEARS

Nearly 34.42 crore loans for an amount of Rs 18.60 lakh crore sanctioned since launch

(Ministry of Finance)

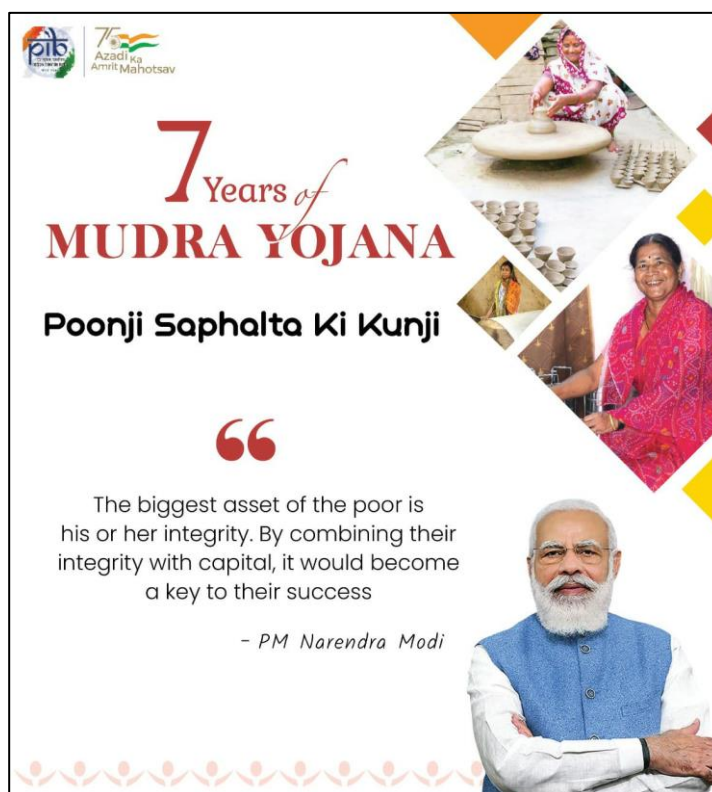
April 08, 2022

“The biggest asset of the poor is his or her integrity. By combining their integrity with capital, it would become a key to their success.”

-PM Narendra Modi¹

Pradhan Mantri MUDRA Yojana (PMMY) was launched by the Prime Minister on [April 8, 2015](#)² for providing loans up to Rs.10 Lakh to the non-corporate, non-farm small/micro enterprises.

[MUDRA](#),³ which stands for **Micro Units Development & Refinance Agency Ltd**, is a financial institution set up by the Government of India under PMMY for development and refinancing micro unit enterprises. PMMY aims to provide financial inclusiveness and support to the marginalized and hitherto socio-economically neglected classes. PMMY has given wings to the dreams and aspirations of millions, along with a feeling of self-worth and independence.



Need for the MUDRA Yojana

India is a young country brimming with youthful enthusiasm and aspirations. In order to provide a fertile ground for sowing the seeds of India's development it is very important to harness this innovative zeal of young India which can provide new age solutions to existing gaps in the economic ecosystem of the country. Understanding the need to harness the latent

¹<https://pib.gov.in/newsite/printrelease.aspx?relid=118049>

²<https://pib.gov.in/PressReleasePage.aspx?PRID=1709989>

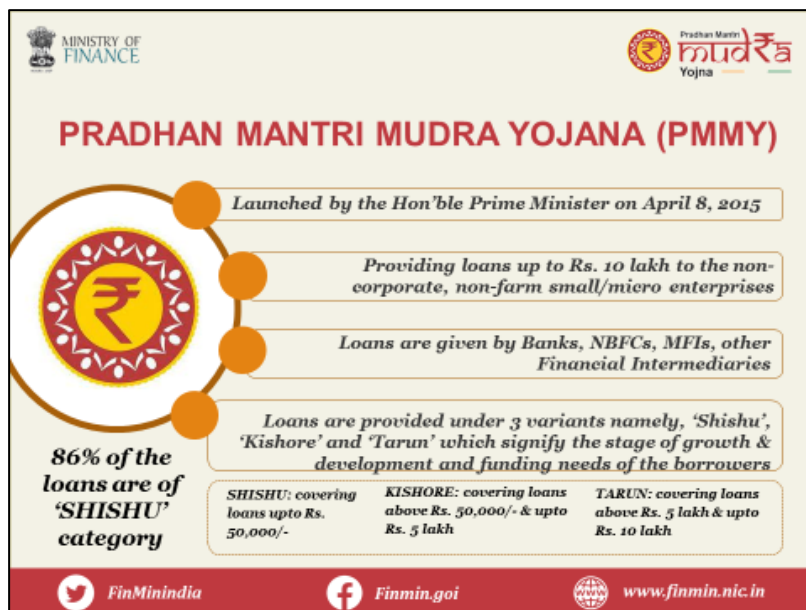
³<https://static.pib.gov.in/WriteReadData/specificdocs/documents/2021/dec/doc2021122931.pdf>

potential of entrepreneurship in India, the Union Government launched the Pradhan Mantri MUDRA Yojana.

MUDRA Loans: Categories

Under PMMY, collateral free loans of up to Rs. 10 Lakh are extended by Member Lending Institutions (MLIs) viz Scheduled Commercial Banks, Regional Rural Banks (RRBs), Small Finance Banks (SFBs), Non-Banking Financial Companies (NBFCs), Micro Finance Institutions (MFIs) etc.

The loans are given for income generating activities in manufacturing, trading and services sectors and for activities allied to agriculture.



MUDRA loans are offered in three categories namely, 'Shishu', 'Kishore' and 'Tarun' which signifies the stage of growth or development and funding needs of the borrowers:-

- **Shishu:** covering loans upto **Rs. 50,000/-**
- **Kishore:** covering loans above **Rs. 50,000/-** and up to **Rs. 5 lakhs**
- **Tarun:** covering loans above **Rs. 5 lakh** and up to **Rs. 10 lakhs**

MUDRA Card⁴

MUDRA Card is an innovative credit product wherein the borrower can avail of credit in a hassle free and flexible manner. It provides a facility of working capital arrangement in the form of an overdraft facility to the borrower. Since MUDRA Card is a 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.

MUDRA App- "MUDRA MITRA"

MUDRA MITRA is a mobile phone application available in Google Play Store and Apple App Store, providing information regarding 'Micro Units Development and Refinance Agency Ltd. (MUDRA)' and its various products/ schemes. It will guide a loan seeker to approach a Banker in availing MUDRA loan under PMMY. Users can also access useful loan related material including sample loan application forms in this app.

⁴<https://www.mudra.org.in/Default/DownloadFile/Success%20Stories.pdf>

Steps taken to improve implementation⁵ of the Scheme:

- Handholding support for facilitating submission of loan applications
- Provision for online applications through [PSBloansin59minutes](#) and [Udyamimitra portal](#)
- Intensive publicity campaigns for increased visibility of the scheme amongst the stakeholders
- Simplification of application forms
- Nomination of MUDRA Nodal Officers in Public Sector Banks (PSBs)
- Periodic monitoring of performance of PSBs with regard to PMMY

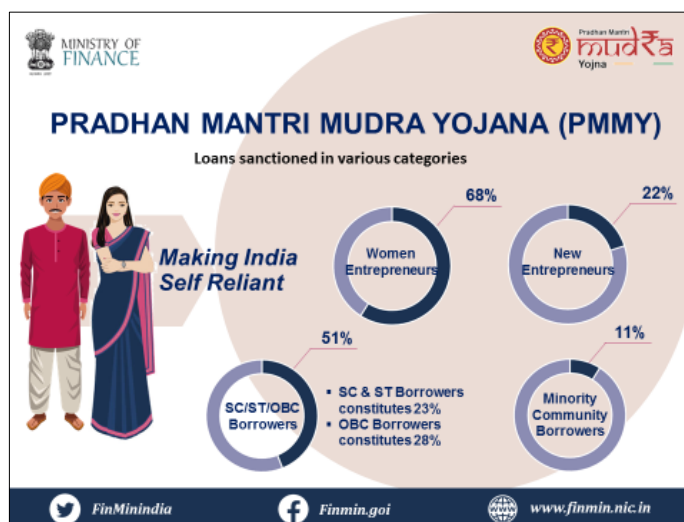
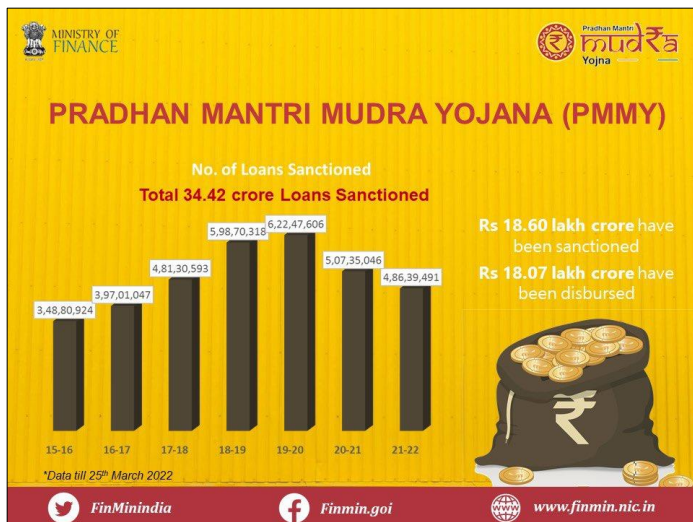
Achievements (as on 25.03.2022)⁶

- More than **34.42 crore loans** for an amount of **Rs 18.60 lakh crore** have been sanctioned since launch of the scheme (as on 25.03.2022). **Approximately 22%** of the total loans have been sanctioned to New Entrepreneurs.
- **4.86 crore PMMY loans accounts** with sanctioned amount of **Rs. 3.07 lakh crore** extended in current FY (as on 25.03.2022).
- Approximate **68% loans** of the total number of loans have been sanctioned to **Women Entrepreneurs**.
- The **average ticket size of the loans** is about **Rs.54,000**.
- **86% of the loans** are of 'SHISHU' category.
- Almost **22% of the loans** have been given to **New Entrepreneurs**.
- About **23% of the loans** have been given to **SCs and STs borrowers** and about **28% of the loans** have been given to **OBCs borrowers** (**Total 51% loans have been sanctioned to SC/ST/OBC categories of borrowers**).
- About **11%** of the loans have been given to **Minority community borrowers**.



⁵<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1783537>

⁶<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1814641>



Government Support during Covid Pandemic:

- **Interest Subvention of 2%** on prompt repayment of Shishu loans extended under PMMY for a period of 12 months to all eligible borrowers.
- Announced by Union Finance Minister on 14.05.2020 under **Aatmanirbhar Bharat Package**, the scheme has been formulated as a specific response to an unprecedented situation and aims to alleviate financial stress for borrowers at the ‘bottom of the pyramid’ by reducing their cost of credit.
- **Rs. 775 crore** have been released to Small Industries Development Bank of India (SIDBI).
- As on 25.03.2022, out the Rs. 775 crore released to SIDBI, more than Rs. 658.25 crore has been disbursed by SIDBI to MLIs for onward credit of subvention amount into accounts of borrowers.

Success Stories

1. Annakkili hails from Trichy in Tamil Nadu. Annakkili was one of such unfortunate micro entrepreneurs who was toiling day in and day out only to serve the interest burden of the money she borrowed from the private money lenders for her millet snacks business.



Hailing from a very poor family and that her husband worked as a waiter in a restaurant, Annakkili was finding it very difficult for both ends to meet. Due to Mudra Scheme, Annakkili sanctioned a loan of Rs. 20,000 from Canara Bank, Trichy Branch, - under “Shishu” category of the PMMY for purchasing of utensils and also got working capital through MUDRA CARD. She made best use of the financial assistance and improved her business.

2. Smt. Pooja Papil Nandagawali⁷ is a DMLT diploma holder. Her father is a retired employee from the Government Primary Health Centre. Armed with her diploma, for a period of over three years, this girl from a lower middle-class family, worked at various Pathological Labs in the city to gain experience.



But her dream was to open her own Computerised Pathological Laboratory and serve the people in the rural areas. She **applied for a loan of Rs 6 lakh**, which she used to set up Pooja Clinical Computerised Pathological Laboratory at Gove Gaon (Village), which is situated in the Bhiwandi Taluka of Maharashtra. As the proud owner of **M/s. Pooja Clinical Computerised Laboratory**, she employs four people – a technician, a peon, a receptionist and a marketing person.

3. Smt. Munirabano from Surat⁸ is a housewife. She belongs to a middle class family from a minority community. Because of her poor financial condition, she and her family faced very difficult times. Smt. Munirabano heard about the LMV Driving training under the ‘Pink Auto Project’ by the Surat Municipal Corporation and RSETI- Surat (BSVS). After getting proper training and practice in driving auto rickshaws at RSETI- Surat, Smt. Munirabanu **availed a loan of ` 1,77,650 from the Bank of Baroda, Limbayat Branch under the PMMY scheme**. She used the funds to purchase her own ‘Pink Auto Rikshaw’.



As a Female Auto Rickshaw owner and driver, she became an inspiration to other women and an example of ‘Women Empowerment’, **now earns Rs 25,000 per month**.

References:

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⁷ [Success Stories Vol-III.pdf](#)

⁸ file:///C:/Users/emmc23/Downloads/Success_Stories_Vol-III.pdf

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Success Stories:

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AG/HP/PPD/SS