

Funding Options

Funding Under Govt. Schemes (Mudra)

1. What does the MUDRA scheme entail?

MUDRA, which stands for Micro Units Development & Refinance Agency Ltd, is a financial institution being 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 Hon'ble 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). For more information, [click here](#).

2. 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. For more information, [click here](#).

3. 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 RBI guidelines. Please refer to [link](#) for more information.

4. I have graduated recently. I want to start my own business. Can MUDRA help me?

MUDRA loans are available in three categories. For small business, loans up to \$ 768 is available under the 'Shishu' category and beyond \$ 768 and up to \$ 7678 under the 'Kishor' category. It also offers loans beyond \$ 7679 and up to \$ 15360 under the Tarun category. Depending on the nature of business and project requirement you can access finance from one of the intermediaries of MUDRA

as per the norms. Please refer to [Link](#) for more information

5. Under PMMY-Shishu loans, what is the turn around time for processing the loan proposal?

For Shishu loans, normally 7 to 10 days is the turn around time for processing the loan proposals on receipt of complete information. Please refer to [link](#) for more information

6. I intend to work on franchisee model. Can MUDRA help me?

MUDRA operates a special refinance scheme for traders and shopkeepers. You can avail the facilities under the scheme as per your requirements from any banks/MFIs/NBFCs in the area. Please refer to [link](#) for more information

7. 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. For more information, [click here](#).

8. What is the eligibility of persons for availing MUDRA loans?

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 \$ 15340 can approach either a Bank, MFI or NBFC 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 PMMY. The lending rates are as per the RBI guidelines issued in this regard from time to time. Please refer to [Link](#) for more information

9. Is there any subsidy under PMMY? If so, details thereof?

There is no subsidy for the loan given under PMMY. However, if the loan proposal is linked to some Government scheme, wherein the Govt. is providing capital subsidy, it will be eligible under PMMY also. Please refer to [link](#) for more information

10. What is MUDRA 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 CC/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. Please refer to link for more information

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

List of documents required for availing MUDRA loans are Application form, Address Proof, ID proof, Bank Statement of defined period, Statutory return and others as may be required. This is just an indicative list. For more information, [click here](#).

12. 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.

13. Is there any standard format of application to avail MUDRA loans?

Yes. In respect of Shishu category, an one page application format has been designed which has been posted in MUDRA website. In respect of Kishor and Tarun category, a 3 page indicative application format has been designed and the same is also posted in MUDRA website.

14. Is PMMY loans applicable to all Banks all over India?

Yes. Department of Financial Services (DFS) vide its letter dated May 14, 2015 have advised all PSBs, RRBs and Scheduled Cooperative Banks regarding roll out of PMMY and to cover all loans up to loan size of \$ 15,340 sanctioned on or after April 08, 2015 for income generation under PMMY. DFS have also been issuing various instructions including fixing of targets branch wise to the Head

Offices of the Banks which has been advised to percolate the same to their zonal/regional/branch offices.

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

Life insurance is not required for loans under PMMY.

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17. 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 For more information, [click here](#).

18. What is Pradhan Mantri MUDRA scheme?

Pradhan Mantri Mudra Yojana (PMMY) is a scheme launched by the Hon'ble Prime Minister for providing loans upto INR 10 Lakhs to non-corporate, non-fam small/ micro enterprises. For more information, [click here](#)