FAQs

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. 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

Copyright © 2026 Invest India. All Rights Reserved.

5. 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

6. 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.

7. Who all 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 m 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). The lending rates are as per the RBI guidelines issued in this regard from time to time. For more information, click here.

8. 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 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. For more information, click here

9. 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,

Copyright © 2026 Invest India. All Rights Reserved.

Bank Statement of defined period, Statutory return and others as may be required. This is just an indicative list. For more information, click here.

10. 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.

11. 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.

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

Life insurance is not required for loans under PMMY.

13. 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

14. What is Pradhan Mantri Mudra Yojana?

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.

15. How much interest rate is charged on a Micro Units Development and Refinance

Copyright © 2026 Invest India. All Rights Reserved.

Agency (MUDRA) loan?

The interest rates are deregulated, and the banks have been advised to charge reasonable interest rates within the overall RBI guidelines. For more information, click here.

16. I want to start my own business. Can Micro Units Development and Refinance Agency help me?

Micro Units Development and Refinance Agency (MUDRA) does provide loans up to INR10 Lakhs to the non-corporate, non-farm, small/ micro enterprises (SMEs). These loans are given by Commercial bank, RRBs, Small finance bank, Cooperative banks, MFIs and NBFC For more information, click here.

17. What is the application form to apply for a MUDRA loan?

Click on any of the 3 categories under MUDRA Scheme for application forms and checklist 1. Shishu: Covering loans up to INR 50,000 2. Kishor: Covering loans above INR 50,000 and up to INR 500,000 3. Tarun: Covering loans above INR 500,000 up to INR 1 m Note: MUDRA is a refinance agency and not a direct lending institution. MUDRA provides refinance support to its intermediaries viz. banks, micro finance institutions and non-banking financial companies, who further extend these loans to businesses/ entrepreneurs For more information, click here.

18. Can Micro Units Development and Refinance Agency provide loans for running a franchise?

MUDRA Scheme operates a special refinance scheme for traders and shopkeepers. You can avail the facilities under the Scheme as per your requirements from any bank/ micro finance institute/ non-banking financial company in your area. For more information, click here.

19. Which banks are eligible to provide Micro Units Development and Refinance Agency loans?

All public-sector banks (PSB), regional rural banks (RRB) and scheduled cooperative banks are allowed to cover all loans up to INR 10 lakhs, sanctioned on or after 8 April 2015, under Pradhan Mantri Mudra Yojana (PMMY). For more information, click here

Copyright © 2026 Invest India. All Rights Reserved.

20. What is the grievance component accessible against bank authorities, in case of non-endorse of advance?

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. For more information, click here.

Copyright © 2026 Invest India. All Rights Reserved.