

UPSC Preparation

Pradhan Mantri Mudra Yojana (PMMY) - Indian Polity

To enable every last mile financier to lend credit to all types of businesses in the country, the **MUDRA-Micro Units Development and Refinance Agency** bank was established as a public sector financial institution. Low rate loans are provided by micro financiers under this scheme.

This Government scheme is an important topic for the [IAS Exam](#). Subjects related to this topic are *Indian Polity* and *Social Justice* from General Studies paper 2 as well as *Indian Economy* from general Studies paper 3 of the [UPSC Syllabus](#).

Pradhan Mantri Mudra Yojana

Launched in April 2015 by the Prime Minister, the **Mudra Yojana** aims to enable Micro Finance Institutions (MFIs), Non-Banking financial institutions/Companies (NBFCs), Small Finance Banks, RBRs, Commercial Banks, Cooperative Banks, etc. to provide Low Rate Loans to eligible entities.



Candidates can know the detailed information about the Pradhan Mantri Mudra Yojana on the Official Website (<https://www.mudra.org.in/>).

PMMY Eligibility

To avail of the benefits of the PMMY Scheme, the person should be a **citizen of India**. The loans are basically for people having a business plan in a **Non-Farming Sector** with **Income generating activities** like the following:

- Manufacturing
- Processing
- Trade
- Service Sector
- Or any other fields whose **credit demand is less than ₹10 lakhs**.

The Indian Citizen seeking MUDRA Loans under the PMMY Scheme will have to approach either an MFI, Bank, or NBFC to avail it.

Types of PMMY Loans

The Pradhan Mantri Mudra Yojana (PMMY) has three products as per the funding requirements of the Beneficiary or the Entrepreneur.

Name of the Type of Loan	Coverage of the Loan
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<i>Shishu</i>	< ₹50,000
<i>Kishor</i>	Above ₹50,000 up to ₹5,00,000
<i>Tarun</i>	Above ₹5,00,000 up to ₹10,00,000

Sectors Covered under PMMY

To maximize coverage of beneficiaries and tailor products to meet requirements of specific business activities, sector/activity focused schemes would be rolled out. To begin with, based on the higher concentration of businesses in certain activities/sectors, schemes are proposed for:

Sector	Comments	Types of Activities under that Sector
Land Transport Sector	Loans to support the purchase of transport vehicles. These vehicles could be used for goods or personal transport.	<ul style="list-style-type: none"> • Auto-rickshaws, E-rickshaws, etc. • Passenger cars and taxis. • Small-goods transport vehicles. • Other three-wheelers.
Service Sector	This includes community services, social services, or personal services.	<ul style="list-style-type: none"> • Hair and beauty salons, beauty parlours, etc. • Tailoring stores, boutiques, dry cleaning services, etc. • Gymnasium, Athletic training, medical shops, etc. • Garage, Cycle & motorcycle repair centres, etc. • Other services like photocopying shops, courier agencies, etc.
Food Product Sector	Support for small scale food industries.	<ul style="list-style-type: none"> • Manufacturing papads, pickles, jams/jellies, and other agricultural produce/preservation methods. • Sweet shops, small service food centres, etc. • Everyday catering services, canteens, etc. • Micro cold storages, ice-making factories, Cold chain vehicles, ice cream making industries, etc. • Bakeries and Baked products manufacturing.

Textile Sector	Supporting micro textile industries that produce garment and non-garment products.	<ul style="list-style-type: none">• Handloom and power loom industry• Handwork industry like embroidery, chikan work, dyeing and printing, knitting, etc.• Mechanical or computerized stitching for garments and non-garments.• Production of automobile and furnishing accessories, etc.
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