

**A Descriptive Study on
Pradhan Manthri Mudra Yojana (PMMY)
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ABSTRACT:

This study examines the role of the Pradhan Mantri Mudra Yojana (PMMY) in improving financial access for micro and small enterprises in India, with a focus on Karnataka. Using secondary data from official PMMY reports and publications, the study reviews the objectives of MUDRA Bank, its product offerings, and its performance across the Shishu, Kishor, and Tarun loan categories. Findings show significant progress in loan sanctions and disbursements during 2023–24 and 2024–25, reflecting the scheme’s growing impact on entrepreneurship, financial inclusion, and MSME sector development. The study concludes that PMMY plays a vital role in supporting micro–enterprises, reducing reliance on informal credit, and contributing to broader economic growth.

KEYWORDS:

Financial Inclusion, PMMY, MSME, Refinancing.

Introduction:

The GDP contribution of micro, small, and mediumsized businesses (MSME) is approximately 8%. Many limitations prevent small enterprises from fulfilling their roles in an efficient manner. One of the main issues facing this industry is raising capital. The main obstacles that the numerous MSMEs around the nation must contend with include–Financial Access, Knowledge and Skill Development Gaps, Infrastructure Deficits.

Objectives of the Study:

- To understand MUDRA BANK’s goals
- To comprehend MUDRA BANK’s product offers.
- To evaluate MUDRA BANK’s performance in the state of Karanataka.

Methodology:

Newspapers, periodicals, and a variety of websites, including the MUDRA Yojana website, are examples of secondary sources from which

the data and information for the study were obtained.

Limitation of the study:

There were time limits for gathering secondary data, and not all of the data could be generalized.

Pradhan Mantri Mudra Yojana:

The mission of PMMY is to bank the unbanked. Through the Micro Units Development and Refinance Agency (MUDRA) Bank, PMMY seeks to assist the entrepreneurs in the aforementioned class. On April 8, the GOI introduced a program to alleviate the financial challenges encountered by micro and small company units. The Micro Unit Development and Refinance Agency, or MUDRA, was established in 2015 as part of the Pradhan Mantri MUDRA Yojana (PMMY) program to "fund the unfunded." The Indian government established the Micro Units Development & Refinance Agency Ltd. (MUDRA). When MUDRA was first established, it was a fully owned subsidiary of the Small Industries Development Bank of India (SIDBI), which provided all of the funding. Currently, MUDRA has 1000 crores in authorized capital that has been paid up.

Objectives of Mudra Schemes:

- PMMY aims to boost entrepreneurial activities by providing financial support to small businesses and first-generation entrepreneurs
- The scheme seeks to extend access to formal financial services to micro-enterprises, including those in the non-farm sector, particularly in rural areas
- The scheme contributes to overall economic growth by supporting small businesses and improving income levels in both rural and urban areas.
- PMMY specifically targets women entrepreneurs and those belonging to Scheduled Castes, Scheduled Tribes, and other marginalized groups, offering them preferential access to funding.

Major Products offering:

MUDRA Bank has appropriately divided the borrower base into four groups under the PMMY scheme: The interventions have been named 'Shishu', 'Kishore', 'Tarun' and 'Tarun Plus' to signify the stage of growth / development and funding needs of the beneficiary micro unit

/ entrepreneur and also provide a reference point for the next phase of graduation / growth to look forward to :

- Shishu : covering loans upto 50, 000/-
- Kishor : covering loans above 50, 000/- and upto 5 lakh
- Tarun : covering loans above 5 lakh and upto 10 lakh
- Tarun Plus: covering loans above 10 lakh and upto 20 lakh

The funding supports from MUDRA are of four types:

Micro Credit Schemes:

The Micro Credit Scheme is primarily provided by Micro Finance Institutions (MFIs), which provide credit up to Rs. 1 lakh for a range of microbusiness ventures. The loans are provided to individuals for specified income-generating purposes, even though the delivery method may involve organizations like SHGs or JLGs. microbusiness operations. In order to get financial assistance, MFIs must register with MUDRA and fulfill certain requirements that are periodically communicated by MUDRA.

Women Enterprise Programmes:

The financing banks and MFIs may think about offering extra services, such lowering loan interest rates, to support female entrepreneurs. Currently, MUDRA offers MFIs and NBFCs that lend to female entrepreneurs a 25 basis point interest rate cut

Securitization of Loan Portfolio:

Additionally, MUDRA helps banks, NBFCs, and MFIs raise money to finance microbusinesses by helping them securitize their loan assets against microbusiness portfolios, offering second loss default guarantees to improve credit, and investing in pass-through either as a junior or senior investor's certificate (PTCs).

PROGRESS OF MUDRA BANK YOJANA:

MUDRA Bank's concept goes beyond simply providing small businesses with the financing and funding they require. It is founded on the "Credit Plus" method, which combines credit availability with other business growth and welfare-related activities, rather than merely offering credit. MUDRA Bank is giving NCSBSs much needed financial access, encouraging small business expansion, contributing to the nation's GDP

growth, and generating jobs in the future.

So far during the FY 2023–24 in India total 54661648 no. of sanctions have been made involving sanction of Rs. 552801. 78 crores and disbursement of Rs. 541802. 58crores. Performance of 2024–25 also mentioned in the table. 1 below Table 1

PRADHAN MANTRI MUDRA YOJANA (Amt in Rs.)		
Financial Year	2024–25 (as on 21-03-2025)	2023–24
No. of PMMY Loans Sanctioned	54661648	66777013
Amount Sanctioned (Rs.)	Rs. 552801. 78crore	Rs. 541012. 86crore
Amount Disbursed (Rs.)	Rs. 541802. 58crore	Rs. 532358. 35crore

Source: PMMY Report

PradhanManthri Mudra yojana is performing well in the state of Karnataka also. The performance of Mudra Bank in Karnataka State has been shown in table 2 below.

Table 2

PRADHAN MANTRI MUDRA YOJANA (Amt in Rs.)		
Financial Year	2024–25 (as on 21-03-2025)	2023–24
No. of PMMY Loans Sanctioned	54661648	66777013
Amount Sanctioned (Rs.)	552801. 76	541012. 86
Amount Disbursed (Rs.)	542018. 54	532358. 35

Source: PMMY Report

Table 2. 1

PRADHAN MANTRI MUNDRA YOJANA – KARNATAKA(Amt in Rs)			
Financial Year	SHISHU (Loans Up to Rs. 50, 000)		
	No. of Sanctions	Sanctioned Amount	Disbursement Amt.
2023–24	4119316	14812. 21	14781. 01
2024–25 (as on 21–03–2025)	8849101	29445. 41	28839. 75

Source: PMMY Report

Table 2. 2

PRADHAN MANTRI MUNDRA YOJANA – KARNATAKA(Amt in Rs)			
Financial Year	KISHOR (Loans Above Rs. 50, 000 Up to Rs. 5, 00, 000)		
	No. of Sanctions	Sanctioned Amount	Disbursement Amt.
2023–24	2234837	25168. 53	25094. 18
2024–25 (as on 21-03-2025)	34697	4930	

Source: PMMY Report

Table 2. 3

PRADHAN MANTRI MUNDRA YOJANA – KARNATAKA(Amt in Rs)			
Financial Year	TARUN (Loans Above 5, 00, 000 Up to Rs. 10, 00, 000)		
	No. of Sanctions	Sanctioned Amount	Disbursement Amt.
2023–24	104787	9703. 47	9635. 32
2024–25 (as on 21-03-2025)	34697	31050. 50	30954

Source: PMMY Report

The figures for the preceding FY (2023–24) were 6. 67 crore loans sanctioned for an amount of Rs. 5. 41 lakh crore. The number of loans sanctioned for FY 2024–25 was lower than PY, although the total value increased. We can see the progress in the Mudra yojana by comparing both FY 2023–24 and 2024–25. Above tables 2. 1, 2. 2, and 2. 3 reveals productwise progress of mudra yojana in Karnataka.

CONCLUSION:

The expansion of MSMEs will play a significant role in advancing the 'Make in India' initiative. The introduction of banks like MUDRA will greatly assist small manufacturing enterprises and self-employed persons in both rural and urban settings. The PMMY scheme will enhance the welfare of those involved in small-scale industries, which will, in turn, have a favourable impact on the overall growth of the economy. MUDRA envisions formalizing the informal sector and funding those who currently lack financial support. Its function as a major refiner that offers low-cost finance is likely to be its unique selling proposition, aiming to address a significant gap in India's microfinance industry. These initiatives will significantly boost the confidence of our young, educated, and skilled workforce, enabling them to become pioneers in entrepreneurship, while existing small businesses will have the opportunity

to grow their operations. Similar to the effort of bringing banking services to the unbanked, MUDRA banks primarily focus on providing financial support to those who are currently unfunded.

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Conflict of interest:

The Authors have no conflict of interest to declare that they are relevant to the content of this article.

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