



PM Mudra Yojana Provides Collateral-Free Loans up to ₹20 Lakh to Entrepreneurs and Enterprises

Government Simplifies Loan Process to Ensure Timely Disbursal under PMMY

Posted On: 14 MAR 2026 4:24PM by PIB Delhi

As informed by Department of Financial Services (DFS), Pradhan Mantri Mudra Yojana (PMMY) was launched on 08.04.2015 to extend collateral free credit up to Rs.20 lakh by Member Lending Institutions (MLIs), i.e. Scheduled Commercial Banks (SCBs), Non-Banking Financial Companies (NBFCs) and Micro Finance Institutions (MFIs). Any individual, who is otherwise eligible to take a loan and has a business plan for small business enterprise can avail loan under the Scheme for income generating activities in the manufacturing, trading, service sectors including activities allied to agriculture across four loan categories, viz. Shishu (loans upto Rs. 50,000), Kishor (loans above Rs. 50,000 and upto Rs. 5 lakh), Tarun (loans above Rs. 5 lakh and upto Rs. 10 lakh) and Tarun Plus (loans above Rs. 10 lakh and upto Rs. 20 lakh for those entrepreneurs who have availed and successfully repaid previous loans under the 'Tarun' category w.e.f. 24.10.2024).

The Scheme provides funding to small businesses, handicrafts, agriculture-allied activities and traditional enterprises on which many women rely for income. Further, women, who often lack collateral or credit history, have benefited from collateral-free loans provided under PMMY.

With a view to incentivize successful borrowers under the Pradhan Mantri MUDRA Yojana (PMMY), a new category of Mudra Loans, namely 'Tarun Plus' was introduced in 2024-25 for those borrowers who have successfully repaid their Mudra loan under Tarun Category. Under 'Tarun Plus', collateral free loans upto Rs. 20 lakhs are provided to such borrowers.

The Government has taken several measures in order to simplify the loan application process and ensure the timely disbursal of loans. Portals like Jan Samarth has been created with 15 credit linked schemes where the applicant can have the self-journey or assisted journey for applying specified loans.

This information was given by the Minister of State for Micro, Small and Medium Enterprises Sushri Shobha Karandlaje in a written reply in Lok Sabha on 12th March 2026.

Sunil Kumar Tiwari

E-Mail – hipessi[at]gmail[dot]com

(Release ID: 2240159) Visitor Counter : 333

Read this release in: Urdu , हिन्दी , Tamil

