

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
STARRED QUESTION NO. †*130

ANSWERED ON MONDAY, FEBRUARY 9, 2026/ MAGHA 20, 1947 (SAKA)

Mortgage Free Loans to Traders under PMMY

†*130. SHRI JITENDRA KUMAR DOHARE:

Will the Minister of **FINANCE** be pleased to state:

- (a) whether there is any proposal to provide mortgage free loans up to Rs. 30 lakh to traders registered under Pradhan Mantri Mudra Yojana (PMMY) and to increase the loan limit, if so, the details thereof;
- (b) whether the excessive fees being charged by banks for sanctioning and renewal of trading limits is likely to be controlled by the Government and a maximum one-time fee of 1 per cent is to be fixed, if so, the details thereof; and
- (c) whether there is any scheme to provide free insurance cover up to 75 per cent of the stock value to the registered traders affected by the incidents like natural calamity/fire and if so, the details thereof?

ANSWER

THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. †*130 FOR ANSWER ON 09.02.2026 BY SHRI JITENDRA KUMAR DOHARE ON MORTGAGE FREE LOANS TO TRADERS UNDER PMMY

(a) to (c): The limit of Pradhan Mantri Mudra Yojana (PMMY) collateral free loan has been enhanced to Rs.20 lakh from Rs.10 lakh w.e.f. 24.10.2024 for those entrepreneurs who have availed and successfully repaid previous loans under the 'Tarun' category, under a new category 'Tarun Plus'.

No such proposal to further enhance collateral free loans up to Rs. 30 lakh to traders registered under PMMY is under consideration.

Credit related matters such as pricing of loans by banks have been deregulated by RBI and are governed by the respective bank's lending policies, subject to extant broad regulatory guidelines of RBI.

Also as per RBI guidelines, the bank shall provide a Key Facts Statement (KFS) including tenure of the loan, repayment details, rate of interest, details of processing and other applicable charges, etc. to all prospective borrowers to help them take an informed view before executing the loan contract. The KFS shall be written in a language understood by the borrowers and the contents of it shall also be explained to the borrower.

For the loans extended under PMMY, Member Lending Institutions (MLIs) can avail guarantee cover under Credit Guarantee Fund for Micro Units (CGFMU), though there is no specific scheme to provide free insurance to registered traders affected by natural calamities/fire under the Scheme.
