

PM SVANidhi Scheme

July 27, 2020

The scheme will help formalize the street vendors with objectives of **facilitating working capital loan up to 10,000, incentivizing regular repayment and rewarding digital transactions** and will open up new opportunities to this sector to move up the economic ladder.

SVANidhi Scheme

Street vendors represent a very important constituent of the **urban informal economy** and play a significant role in ensuring availability of the goods and services at affordable rates at the door-step of the city dwellers. The goods supplied by them include vegetables, fruits, ready-to-eat street food, tea, pakodas, breads, eggs, textile, apparel, footwear, artisan products, books/ stationary etc. The services include barber shops, cobblers, pan shops, laundry services etc.

The COVID-19 pandemic and consequent lockdowns have adversely impacted the livelihoods of street vendors. They usually work with a small capital base and might have consumed the same during the lockdown. Therefore, there is an **urgent need to provide credit for working capital** to street vendors to resume their business. The scheme is a **Central Sector Scheme** i.e. fully funded by the Ministry of Housing and Urban Affairs.

The Scheme is available for beneficiaries belonging to only those States/UTs which have notified rules and schemes under **Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014**. Beneficiaries from Meghalaya, which has its own State Street Vendors Act may, however, participate. The Scheme is available to all street vendors engaged in vending in urban areas as on or before March 24, 2020.

Urban street vendors will be eligible to avail a **working**

capital (WC) loan of up to 10,000 with tenure of 1 year and repaid in monthly instalments. For this loan, **no collateral** will be taken by the lending institutions. On timely or early repayment, the vendors will be eligible for the next cycle of working capital loan with an enhanced limit. No prepayment penalty will be charged from the vendors for repayment before the scheduled date.

In case of Scheduled Commercial Banks, Regional Rural Banks (RRBs), Small Finance Banks (SFBs), Cooperative Banks & SHG Banks, the rates will be as per their prevailing rates of interest. In case of NBFC, NBFC-MFIs etc., interest rates will be as per RBI guidelines for respective lender category. In respect of MFIs (non NBFC) & other lender categories not covered under the RBI guidelines, interest rates under the scheme would be applicable as per the extant RBI guidelines for NBFC-MFIs.